

ORDINANCE NO. 20100610-049

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2010A” AND “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (DIRECT SUBSIDY-BUILD AMERICA BONDS)”; AND RELATED DOCUMENTS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

SECTION 1: DEFINITIONS AND FINDINGS. The following terms shall have the meanings set forth below, unless the text specifically indicates otherwise:

“2010A Refunded Notes” means \$50,000,000 in principal amount of the Series A Notes being refunded by the Series 2010A Bonds.

“2010B Refunded Notes” means \$100,000,000 in principal amount of the Series A Notes being refunded by the Series 2010B Bonds and more particularly described in Exhibit A.

“Bonds” means collectively the Series 2010A Bonds and the Series 2010B Bonds.

“Business Day” means a day other than a Sunday, Saturday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Holders” means the registered owners or holders of the Bonds.

“Master Ordinance” means Ordinance No. 010118-53A, passed by the City Council on January 18, 2001.

“Maximum Debt Service Requirement” means, as of the date of calculation, an amount equal to the greatest Annual Debt Service Requirement for the current or any future Fiscal Year for the Parity Electric Utility Obligations then outstanding at the time the calculation is made.

“Tenth Supplement” means Ordinance No. 20100610-049 authorizing the issuance of the Bonds and passed by the City Council on June 10, 2010.

“Paying Agent/Registrar” means the financial institution named in Section 4 of the Tenth Supplement.

“Previously Issued Electric Utility Obligations” mean the outstanding “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2001”, dated January 1, 2001, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2002”, DATED February 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2002A”, dated July 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2003”, dated February 1, 2003, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2006”, dated May 15, 2006, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2006A”, dated October 15, 2006, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2007”, dated August 15, 2007, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2008”, dated March 1, 2008, and “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2008A”, dated July 15, 2008.

“Prior Supplements” means Ordinances No. 010118-53B, 020228-13, 020718-17, 030206-34, 20060518-040, 20061019-055, 20070322-026, 20080228-078, and 20080724-100 authorizing the issuance of the Previously Issued Electric Utility Obligations.

“Refunded Bonds” means the outstanding bonds of the City identified in Exhibit A attached to the Tenth Supplement.

“Refunded Obligations” means collectively, the Refunded Bonds, the 2010A Refunded Notes and the 2010B Refunded Notes.

“Required Reserve Amount” means the total amount to be accumulated and maintained in the Reserve Fund pursuant to the provisions of Section 14 of the Tenth Supplement and the provisions of any subsequent Supplement.

“Reserve Fund” means the “Electric Utility System Revenue Obligation Reserve Fund” to be established and maintained pursuant to the Prior Supplements and Section 14 of the Tenth Supplement.

“Reserve Fund Obligations” means cash, Eligible Investments, any Credit Facility, or any combination thereof.

“Security Register” shall have the meaning given said term in Section 4 of the Tenth Supplement.

“Series 2010A Bonds” shall mean the "CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2010A" authorized for issuance by the Tenth Supplement.

“Series 2010B Bonds” shall mean the “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (Direct Subsidy-Build America Bonds) authorized for issuance by the Tenth Supplement.

“Series A Notes” means the City of Austin, Texas Combined Utility System Commercial Paper Notes, Series A, up to an aggregate principal amount of \$350,000,000 to finance the costs of additions, improvements and extensions to the City’s water and wastewater system and the City’s electric light and power system.

The terms used in the Tenth Supplement and not otherwise defined shall have the meanings given in the Master Ordinance or the Prior Supplements.

The City has previously authorized the issuance of the Series A Notes and the Refunded Bonds.

The best interest of the City is served by issuing the Bonds to refund the Refunded Obligations.

The Refunded Notes should be refunded and refinanced into long term obligations at this time to enable the City’s Electric Utility Department to continue utilizing its allocated share of the commercial paper program and the manner in which the refunding is executed does not make it practicable to make the determination required by V.T.C.A., Government Code, Section 1207.008(a)(2).

The Refunded Bonds should be refunded at this time to achieve a debt service savings of approximately \$6,179,632.40 and present value savings of approximately \$3,465,069.52.

The Bonds can and shall be on a parity with the outstanding “Parity Electric Utility Obligations” issued in accordance with and under the terms and provisions of the Master Ordinance and the Prior Supplements.

The Series 2010B Bonds are issued as and the City will irrevocably elect to apply (i) section 54AA of the Code to each of the Series 2010B Bonds as a “build America bond” and (ii) subsection 54AA(g) of the Code to each of the Series 2010B Bonds as a “qualified bond”, and, accordingly, the Bonds herein authorized shall be issued as two separate and distinct series of bonds .

SECTION 2: AUTHORIZATION; DESIGNATION; PRINCIPAL AMOUNT; PURPOSE. Revenue bonds of the City shall be and are authorized to be issued (a) in the aggregate principal amount of ONE HUNDRED NINETEEN MILLION TWO HUNDRED FIFTY-FIVE THOUSAND DOLLARS (\$119,255,000) to be designated and bear the title "CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2010A", for the purpose of refinancing and refunding the 2010A Refunded Notes and the Refunded Bonds and paying costs of issuance and (b) in the aggregate principal amount of ONE HUNDRED MILLION NINE HUNDRED NINETY THOUSAND DOLLARS (\$100,990,000) to be designated and bear the title "CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (DIRECT SUBSIDY-BUILD AMERICA BONDS)", for the purpose of refinancing and refunding the 2010B Refunded Notes and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapters 1207.

SECTION 3: FULLY REGISTERED OBLIGATIONS; AUTHORIZED DENOMINATIONS; STATED MATURITIES; DATE. The Bonds shall be issued as fully registered obligations, without coupons, shall be dated June 1, 2010 (the “Bond Date”) and, other than the single fully registered Initial Bond of each series referenced in Section 9 of the Tenth Supplement, shall be in denominations of \$5,000 or any integral multiple thereof (within a stated maturity), shall be numbered consecutively from 1 upward and shall become due and payable on May 15 and/or November 15 in each of the years (the “Stated Maturities”) and in principal amounts and bear interest at per annum rates in accordance with the following schedules:

SERIES 2010A Bonds:

Stated Maturity	Principal Amount (\$)	Interest Rate(s)
11-15-2012	2,820,000	2.000%
05-15-2013	1,985,000	3.000%
11-15-2013	2,875,000	5.000%
05-15-2014	1,500,000	3.000%
11-15-2014	3,020,000	5.000%
05-15-2015	2,000,000	4.000%
11-15-2015	3,170,000	5.000%
11-15-2016	3,330,000	4.000%
11-15-2017	3,465,000	5.000%
11-15-2018	3,635,000	5.000%
11-15-2019	670,000	4.000%
11-15-2020	695,000	4.000%
11-15-2021	720,000	4.000%
11-15-2022	6,610,000	5.000%
11-15-2023	6,935,000	5.000%
11-15-2024	7,370,000	5.000%
11-15-2025	2,210,000	4.000%
11-15-2025	5,585,000	5.000%
11-15-2026	8,200,000	5.000%
11-15-2027	8,735,000	5.000%
11-15-2028	9,160,000	5.000%
11-15-2029	9,700,000	5.000%
11-15-2030	1,750,000	4.375%
11-15-2030	8,480,000	5.000%
11-15-2040	14,635,000	5.000%

SERIES 2010B Bonds:

Stated Maturity	Principal Amount (\$)	Interest Rate(s)
2020	\$ 6,395,000	4.536%
2025	\$17,840,000	5.086%
2030	\$21,120,000	5.570%
2040	\$55,635,000	5.720%

The Bonds shall bear interest on the unpaid principal amounts from the Bond Date at the rate(s) per annum shown in the above schedule (calculated on the basis of a 360 day year of twelve 30 day months). Interest on the Bonds shall be payable on May 15 and November 15 in each year, commencing November 15, 2010, until maturity or prior redemption.

SECTION 4: TERMS OF PAYMENT; PAYING AGENT/REGISTRAR. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the Holders appearing on the respective registration and transfer books maintained by the Paying Agent/Registrar and the payment shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of Regions Bank, Houston, Texas to serve as Paying Agent/Registrar for the Bonds is approved and confirmed. Separate books and records relating to the registration, payment, transfer and exchange of the Series 2010A Bonds and the Series 2010B Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar as provided in the Tenth Supplement and in accordance with the terms and provisions of a separate "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit B** (with respect to the Series 2010A Bonds) and **Exhibit C** (with respect to the Series 2010B Bonds), and the reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Clerk or Deputy City Clerk are authorized to execute and deliver separate Paying Agent/Registrar Agreements for

the Series 2010A Bonds and the Series 2010B Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in the capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Series 2010A Bonds or the Series 2010B Bonds, the City agrees to promptly cause a written notice to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or upon redemption, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices in Homewood, Alabama, or, with respect to a successor Paying Agent/Registrar, the offices so designated of the successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date), and interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for the payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non payment of interest on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for the interest payment for the maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of the interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of the maturity or maturities appearing on the Security

Register at the close of business on the last business day next preceding the date of mailing of the notice.

SECTION 5: REDEMPTION.

(a) Optional Redemption. (i) The Series 2010A Bonds having Stated Maturities on and after November 15, 2021, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on November 15, 2020 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(ii) If section 54AA or 6431 of the Internal Revenue Code of 1986, as amended, is modified, amended or interpreted in a manner so as to reduce or eliminate the City's entitlement to 35% interest subsidy payments from the U.S. Treasury in respect of the Series 2010B Bonds, the City may (but is not obligated to) redeem the Series 2010B Bonds of any or all maturities in whole or in part, at its option, at a redemption price ("Extraordinary Optional Redemption Price") equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Series 2010B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus, in each case, accrued and unpaid interest on the Series 2010B Bonds to be redeemed from the most recent interest payment date to the redemption date.

(iii) The Series 2010B Bonds shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on any date at the redemption price ("Make-Whole Optional Redemption Price") equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Series 2010B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010B Bonds are to be redeemed, discounted to the date on which the Series 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at

the Treasury Rate, plus 25 basis points, plus, in each case, accrued and unpaid interest on the Series 2010B Bonds to be redeemed from the most recent interest payment date to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2010B Bond, the yield to maturity as of the redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least five (5) Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2010B Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Paying Agent/Registrar, the Make-Whole Optional Redemption Price or the Extraordinary Optional Redemption Price of Series 2010B Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm, or financial advisor retained by and at the expense of the City to calculate the redemption price. The Paying Agent/Registrar and the City may conclusively rely on the determination of the redemption price by the independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) Mandatory Redemption. The Series 2010A Bonds maturing on November 15, 2040 (the “Series 2010A Term Bonds”) shall be subject to mandatory redemption in part prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

Term Bonds due November 15, 2040

<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2031	\$1,165,000
November 15, 2032	\$1,220,000
November 15, 2033	\$1,285,000
November 15, 2034	\$1,345,000
November 15, 2035	\$1,410,000
November 15, 2036	\$1,485,000
November 15, 2037	\$1,560,000
November 15, 2038	\$1,640,000
November 15, 2039	\$1,720,000
November 15, 2040*	\$1,805,000

*maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Series 2010A Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Series 2010A Term Bonds within the applicable Stated Maturity to be redeemed on the next following November 15 from moneys set aside for that purpose in the Debt Service Fund. Any Series 2010A Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Series 2010A Term Bonds required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Series 2010A Term Bonds which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of the Series 2010A Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph(a) of this Section and not theretofore credited against a mandatory redemption requirement.

(c) Mandatory Redemption. The Series 2010B Bonds maturing on November 15, 2020, November 15, 2025, November 15, 2030 and November 15, 2040 (the "Series 2010B Term Bonds") shall be subject to mandatory redemption in part prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

Term Bonds due November 15, 2020		Term Bonds due November 15, 2025	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2019	\$3,150,000	November 15, 2021	\$3,340,000
November 15, 2020*	\$3,245,000	November 15, 2022	\$3,450,000
		November 15, 2023	\$3,565,000
		November 15, 2024	\$3,680,000
		November 15, 2025*	\$3,805,000
Term Bonds due November 15, 2030		Term Bonds due November 15, 2040	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2026	\$3,930,000	November 15, 2031	\$4,695,000
November 15, 2027	\$4,070,000	November 15, 2032	\$4,870,000
November 15, 2028	\$4,220,000	November 15, 2033	\$5,050,000
November 15, 2029	\$4,370,000	November 15, 2034	\$5,240,000
November 15, 2030*	\$4,530,000	November 15, 2035	\$5,435,000
		November 15, 2036	\$5,635,000
		November 15, 2037	\$5,845,000
		November 15, 2038	\$6,060,000
		November 15, 2039	\$6,285,000
		November 15, 2040*	\$6,520,000

*maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Series 2010B Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Series 2010B Term Bonds within the applicable Stated Maturity to be redeemed on the next following November 15 from moneys set aside for that purpose in the Debt Service Fund. Any Series 2010B Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Series 2010B Term Bonds of a maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Series 2010B Term Bonds of like maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of the Series 2010B Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been

redeemed pursuant to the optional redemption provisions set forth in paragraph(a) of this Section and not theretofore credited against a mandatory redemption requirement.

(d) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same series and of the Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat the Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of the Bonds by \$5,000 and shall select the Bonds to be redeemed within the Stated Maturity by lot.

(e) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing the notice, and any notice of redemption so mailed shall be conclusively presumed to have been given irrespective of whether received by the Holder.

All notices of redemption shall specify the date of redemption for the Bonds, identify the Bonds to be redeemed by series and, in the case of a portion of the principal amount to be redeemed, the principal amount to be redeemed, state the redemption price, state that the Bonds, or the portion of the principal amount to be redeemed, shall become due and payable on the redemption date specified, and the interest on such Bonds, or on the portion of the principal amount of such Bonds to be redeemed, shall cease to accrue from and after the redemption date, and specify that payment of the redemption price for the Bonds, or the principal amount of the Bonds to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject to prior redemption and has been called for redemption and notice of redemption of such Bonds has been given or waived as provided in the Tenth Supplement, such Bond (or the principal amount of such Bonds to be redeemed) shall become due and payable, and interest on such Bond shall cease to accrue from and after the redemption date, provided moneys sufficient for the payment of such Bonds (or of the principal amount of such Bond to be redeemed) at the applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and

premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, the notice may state that redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in the notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SECTION 6: REGISTRATION, TRANSFER, EXCHANGE OF BONDS; PREDECESSOR BONDS. The Paying Agent/Registrar shall obtain, record, and maintain in the appropriate Security Register the name and address of each registered owner of the Bonds issued under and pursuant to the provisions of the Tenth Supplement. Any Bond may, in accordance with its terms and the terms of the Tenth Supplement, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by the authorized agent of such person, upon surrender of the Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange executed by the Holder or by the authorized agent of such person, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bond(s) authorized in Section 9 of the Tenth Supplement) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the City of the same series, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Section 9 of the Tenth Supplement) may be exchanged for other Bonds of like series, of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the Designated Payment/Transfer Office, or sent by United States Mail, first class postage prepaid, to the Holder and, upon the delivery of such Bonds, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under the Tenth Supplement, as the Bonds surrendered in the transfer or exchange.

All transfers or exchanges of Bonds shall be made without expense or service charge to the Holder, except as otherwise provided in the Tenth Supplement, except that the Paying Agent/Registrar shall require payment by the Holder requesting the transfer or exchange of any tax or other governmental charges required to be paid with respect to the transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions of the Tenth Supplement are defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu of a mutilated, lost, destroyed or stolen Bond pursuant to Section 20 of the Tenth Supplement and such new replacement Bond shall be considered to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANSACTIONS. Notwithstanding the provisions contained in Sections 4, 5 and 6 of the Tenth Supplement relating to the payment, and transfer/exchange of the Bonds, the City approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company (DTC), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations, by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4, 5 and 6 of the Tenth Supplement.

SECTION 8: EXECUTION; REGISTRATION. The Bonds of each series shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Clerk or Deputy City Clerk. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter 1201.

No Bond shall be entitled to any right or benefit under the Tenth Supplement, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 10(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his or her authorized agent, or a certificate of registration substantially in the form provided in Section 10(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and

either such certificate upon any Bond signed shall be conclusive evidence, and the only evidence, that such Bond has been certified, registered and delivered.

SECTION 9: INITIAL BOND(S). The Bonds of each series shall be initially issued either (i) as a single fully registered bond in the total principal amount referenced in Section 2 with principal installments to become due and payable as provided in Section 3 and each numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the initial purchaser'(s) designee. The Initial Bond(s) of each series shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the initial purchaser'(s) designee, shall cancel such delivered Initial Bond(s) and exchange for such Initial Bond(s) definitive Bonds of the same series, of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses provided; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee of the initial purchaser(s), and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 10: FORMS.

(a) Forms Generally. The Bonds of each series, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Tenth Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends if the Bonds, or any maturities of the Bonds, are purchased with insurance and any reproduction of an opinion of counsel) on such Bonds as may, consistently with the provisions of the Tenth Supplement, be established by the City or determined by the officers executing such Bonds as evidenced by their

execution of such Bonds. Any portion of the text of any Bonds may be set forth on the reverse of the Bond, with an appropriate reference on the face of the Bond.

The definitive Bonds and the Initial Bond(s) of each series shall be printed, lithographed, or engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing the Bonds as evidenced by their execution of the Bonds.

(b) Form of Definitive Bond.

SERIES 2010A BONDS

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,
SERIES 2010A

Bond Date: June 1, 2010 Interest Rate: _____ Stated Maturity: _____ CUSIP NO: _____

Registered Owner:

Principal Amount: _____ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date shown above the Principal Amount stated above (or so much of such Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360 day year of twelve 30 day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the Bond Date) at the per annum rate of

interest specified above; such interest being payable on May 15 and November 15 of each year, commencing November 15, 2010. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Tenth Supplement) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$119,255,000 ("Bonds") for the purpose of refinancing and refunding the Series 2010A Refunded Bonds and the Refunded Bonds (identified and defined in the Tenth Supplement) and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, and pursuant to a Master Ordinance and Tenth Supplement adopted by the city council of the City (collectively referred to as the "Ordinances").

The Bonds maturing on the dates identified below (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the

Debt Service Fund established and maintained for the payment of such Bonds in the Tenth Supplement, and shall be redeemed in part prior to maturity at the price of par and accrued interest on such Bonds to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds due November 15, 2040	
<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2031	\$1,165,000
November 15, 2032	\$1,220,000
November 15, 2033	\$1,285,000
November 15, 2034	\$1,345,000
November 15, 2035	\$1,410,000
November 15, 2036	\$1,485,000
November 15, 2037	\$1,560,000
November 15, 2038	\$1,640,000
November 15, 2039	\$1,720,000
November 15, 2040*	\$1,805,000

*maturity

The particular Term Bonds to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not previously credited against a mandatory redemption requirement.

The Bonds maturing on and after November 15, 2021, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on November 15, 2020 or on any date thereafter at the redemption price of par plus accrued interest to the redemption date.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after said redemption date, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

If a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of such redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Series 2010B Bonds, the Previously Issued Electric Utility

Obligations and Prior Subordinate Lien Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Electric Utility System in the manner provided in the Ordinances. Additionally, the Bonds, together with the Previously Issued Electric Utility Obligations, shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Electric Utility System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System, in the same manner and to the same extent as the Previously Issued Electric Utility Obligations and the Bonds.

Reference is made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance of this Bond assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the Electric Utility System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used in this Bond have the same meanings assigned in the Ordinances.

This Bond, subject to certain limitations contained in the Ordinances, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment on this Bond endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by, the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of

the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is an organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the Bonds by a pledge of the Net Revenues of the Electric Utility System. If any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired by any such action. The terms and provisions of this Bond and the Ordinances shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the city council of the City has caused this Bond to be executed under the official seal of the City as of the Bond Date.

CITY OF AUSTIN, TEXAS

Mayor

COUNTERSIGNED:

City Clerk

(SEAL)

SERIES 2010B BONDS

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,
TAXABLE SERIES 2010B
(DIRECT SUBSIDY-BUILD AMERICA BOND)

Bond Date: June 1, 2010 Interest Rate: _____ Stated Maturity: _____ CUSIP NO: _____

Registered Owner:

Principal Amount: _____ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), solely from the revenues identified in

this Bond, on the Stated Maturity date shown above the Principal Amount stated above (or so much of such Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360 day year of twelve 30 day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the Bond Date) at the per annum rate of interest specified above; such interest being payable on May 15 and November 15 of each year, commencing November 15, 2010. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Tenth Supplement) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$100,990,000 ("Bonds") for the purpose of refinancing and

refunding the 2010B Refunded Notes (identified and defined in the Tenth Supplement) and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, and pursuant to a Master Ordinance and Tenth Supplement adopted by the City Council of the City (collectively referred to as the “Ordinances”).

The Bonds maturing on the dates identified below (the “Term Bonds”) are subject to mandatory redemption prior to maturity with funds on deposit in the Debt Service Fund established and maintained for the payment of such Bonds in the Tenth Supplement, and shall be redeemed in part prior to maturity at the price of par and accrued interest on such Bonds to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds due November 15, 2020		Term Bonds due November 15, 2025	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2019	\$3,150,000	November 15, 2021	\$3,340,000
November 15, 2020*	\$3,245,000	November 15, 2022	\$3,450,000
		November 15, 2023	\$3,565,000
		November 15, 2024	\$3,680,000
		November 15, 2025*	\$3,805,000
Term Bonds due November 15, 2030		Term Bonds due November 15, 2040	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
November 15, 2026	\$3,930,000	November 15, 2031	\$4,695,000
November 15, 2027	\$4,070,000	November 15, 2032	\$4,870,000
November 15, 2028	\$4,220,000	November 15, 2033	\$5,050,000
November 15, 2029	\$4,370,000	November 15, 2034	\$5,240,000
November 15, 2030*	\$4,530,000	November 15, 2035	\$5,435,000
		November 15, 2036	\$5,635,000
		November 15, 2037	\$5,845,000
		November 15, 2038	\$6,060,000
		November 15, 2039	\$6,285,000
		November 15, 2040*	\$6,520,000

*maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to

be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not previously credited against a mandatory redemption requirement.

If section 54AA or 6431 of the Internal Revenue Code of 1986, as amended, is modified, amended or interpreted in a manner so as to reduce or eliminate the City's entitlement to 35% interest subsidy payments from the U.S. Treasury in respect of the Bonds, the City may (but is not obligated to) redeem the Bonds of any or all maturities in whole or in part, at its option, at a redemption price ("Extraordinary Optional Redemption Price") equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus, in each case, accrued and unpaid interest on the Bonds to be redeemed from the most recent interest payment date to the redemption date.

The Bonds shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on any date at the redemption price ("Make-Whole Optional Redemption Price") equal to the greater of: (1) the issue price (but not less than 100%) of the principal amount of the Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 25 basis points, plus, in each case, accrued and unpaid interest on the Bonds to be redeemed from the most recent interest payment date to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least five (5) Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Paying Agent/Registrar, the Make-Whole Optional Redemption Price or Extraordinary Optional Redemption Price of the Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm, or financial advisor retained by and at the expense of the City to calculate such redemption price. The Paying Agent/Registrar and the City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

At least thirty days prior to the date fixed for any redemption of Bonds, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after said redemption date, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

If a portion of the principal amount of a Bond is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinances for the then unredeemed balance of the principal sum of such Bond or Bonds will be

issued to the registered owner, without charge. If a Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the registered owner within 45 days of such redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Bond redeemed in part.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds are special obligations of the City payable solely from and, together with the Series 2010A Bonds, the Previously Issued Electric Utility Obligations and Prior Subordinate Lien Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Electric Utility System in the manner provided in the Ordinances. Additionally, the Bonds, together with the Previously Issued Electric Utility Obligations, shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Electric Utility System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System, in the same manner and to the same extent as the Previously Issued Electric Utility Obligations and the Bonds.

Reference is made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance of this Bond assents, for definitions of terms; the description of and the

nature and extent of the security for the Bonds; the properties constituting the Electric Utility System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used in this Bond have the same meanings assigned in the Ordinances.

This Bond, subject to certain limitations contained in the Ordinances, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment on this Bond endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar executed by, the Registered Owner, or the authorized agent of the Registered Owner. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register

at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is an organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the Bonds by a pledge of the Net Revenues of the Electric Utility System. If any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired by any such action. The terms and provisions of this Bond and the Ordinances shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City as of the Bond Date.

CITY OF AUSTIN, TEXAS

Mayor

COUNTERSIGNED:

City Clerk

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
THE STATE OF TEXAS)

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within mentioned Ordinances; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in Homewood, Alabama is the Designated Payment/Transfer Office for this Bond.

Registration Date: _____ REGIONS BANK, Houston, Texas,
as Paying Agent/Registrar

By _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number: _____)
the within Bond and all rights under this Bond, and irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

(f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of this Section, except that the form of a single fully registered Initial Bond of each series shall be modified as follows:

SERIES 2010A BONDS

REGISTERED
NO. T-1

REGISTERED
\$119,255,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,
SERIES 2010A

Bond Date:
June 1, 2010

Registered Owner:

Principal Amount: ONE HUNDRED NINETEEN MILLION TWO HUNDRED FIFTY-FIVE THOUSAND DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), solely from the revenues identified in this Bond, the Principal Amount above stated on May 15 and/or November 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
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(Information to be inserted from schedule in Section 3).

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest, computed on the basis of a 360 day year of twelve 30 day months, on the unpaid principal amounts of this Bond from the Bond Date at the per annum rates of interest specified above; such interest being payable on May 15 and November 15 in each year, commencing November 15, 2010. Principal installments of this Bond are payable in the year of maturity to the Registered Owner by Regions Bank, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Homewood, Alabama (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and

interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SERIES 2010B BONDS

REGISTERED
NO. T-1

REGISTERED
\$100,990,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,
TAXABLE SERIES 2010B
(DIRECT SUBSIDY-BUILD AMERICA BOND)

Bond Date:
June 1, 2010

Registered Owner:

Principal Amount: ONE HUNDRED MILLION NINE HUNDRED NINETY
THOUSAND DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis and Williamson, State of Texas, for value received, hereby promises to pay to the registered owner named above, or the registered assigns thereof (the "Registered Owner"), solely from the revenues identified in this Bond, the Principal Amount above stated on November 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
-------------	-----------------------------------	--------------------------

(Information to be inserted from schedule in Section 3).

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest, computed on the basis of a 360 day year of twelve 30 day months, on the unpaid principal amounts of this Bond from the Bond Date at the per annum rates of interest specified above; such interest being payable on May 15 and November 15 in each year, commencing November 15, 2010. Principal

installments of this Bond are payable in the year of maturity to the Registered Owner by Regions Bank, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Homewood, Alabama (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 11: CRITERIA FOR ISSUANCE OF PARITY ELECTRIC UTILITY OBLIGATIONS. The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Electric Utility Obligations of the Electric Utility System pursuant to the Master Ordinance. The Tenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are a series of Parity Electric Utility Obligations. The Master Ordinance is incorporated by reference and made a part of the Tenth Supplement for all purposes, except to the extent modified and supplemented by the Prior Supplements and the Tenth Supplement, and the Bonds are Parity Electric Utility Obligations under the Master Ordinance and the Prior Supplements. The City determines that it will have sufficient funds to meet the financial obligations of the Electric Utility System, including sufficient Net Revenues to pay the Annual Debt Service Requirements of the Bonds and to meet all financial obligations of the City relating to the Electric Utility System.

SECTION 12: PLEDGE. Subject to the prior claim on and lien on the Net Revenues of the Electric Utility System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Electric Utility System are pledged to the payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien Obligations and the Previously Issued Electric Utility Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System in accordance with the terms of the Master Ordinance and the Tenth Supplement. Additionally, the Bonds and the Previously Issued Electric Utility Obligations shall be secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and the Reserve Fund in accordance with and to the extent required by the terms of the Master Ordinance, the Prior Supplements and the Tenth Supplement. The Bonds are and will be secured by and payable only from the Net Revenues of the Electric Utility System, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Electric Utility System. It is ordained that the Parity Electric Utility Obligations, and the interest thereon, shall constitute a lien on the Net Revenues of the Electric Utility System and be valid and binding and fully perfected from and after the date of adoption of the Tenth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Tenth Supplement or any other act; all as provided in Chapter 1208 of the Texas Government Code. The owners of the Parity Electric Utility Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Ordinance, the Prior Supplements and the Tenth Supplement.

Section 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues of the Electric Utility System granted by the City under this Section 12, and such pledge is valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Electric Utility System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then to preserve to the Registered Owners the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 13: DEBT SERVICE FUND. By reason of the issuance of the Bonds, the City need not establish any special accounts within the Debt Service Fund and following the delivery of the Bonds, the City agrees and covenants to cause to be deposited to the credit of the Debt Service Fund an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and principal of the Bonds falling due on or before each maturity, mandatory redemption date and interest payment date, and such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the initial purchaser.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds shall continue to be made in the manner provided in the Tenth Supplement until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Parity Electric Utility Obligations then Outstanding or (ii) the Bonds are no longer outstanding, i.e., fully paid as to principal and interest or all the Bonds have been refunded.

Accrued interest received from the initial purchaser(s) of the Bonds shall be deposited in the Debt Service Fund, and shall be taken into consideration and reduce the amount of the monthly deposits that would otherwise be required to be deposited to the credit of such Debt Service Fund from the Net Revenues of the Electric Utility System.

SECTION 14: RESERVE FUND.

(a) Establishment. A Reserve Fund shall not be required to be established or maintained by the City for the payment of the Parity Electric Utility Obligations so long as the “Pledged Net Revenues” of the System for a Fiscal Year (the Net Revenues of the System in a Fiscal Year remaining after deducting the amounts, if any, expended to pay the annual debt service requirements for Prior First Lien Obligations and Prior Subordinate Lien Obligations in such Fiscal Year) equal or exceed one hundred fifty per cent (150%) of the Annual Debt Service Requirements of the Parity Electric Utility Obligations due and payable in such Fiscal Year. If for any Fiscal Year such “Pledged Net Revenues” do not exceed 150% of the Annual Debt Service Requirements of the Parity Electric Utility Obligations, the City shall be obligated to establish and maintain on the books of the City a separate fund or account designated as the “Electric Utility System Revenue Obligation Reserve Fund” (the “Reserve Fund”). Upon being established and except as provided in subsection (f) below, the amount on deposit to the credit

of the Reserve Fund shall be maintained for the benefit of the owners of the Parity Electric Utility Obligations. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. The amounts deposited to the credit of the Reserve Fund shall be in a special fund maintained at an official depository of City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Electric Utility Obligations as they become due or paying principal of and interest on the Parity Electric Utility Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose.

When a Reserve Fund is required to be established as noted above and while the same is required to be maintained, the Required Reserve Amount to be accumulated and maintained in such Fund shall be determined and redetermined as follows:

(i) ten per cent (10%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 150% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 140% of the annual Debt Service Requirement for such Fiscal Year;

(ii) twenty per cent (20%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 140% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 130% of the annual Debt Service Requirement for such Fiscal Year;

(iii) thirty per cent (30%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 130% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 120% of the annual Debt Service Requirement for such Fiscal Year;

(iv) forty per cent (40%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 120% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 110% of the annual Debt Service Requirement for such Fiscal Year;

(v) fifty per cent (50%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 110% of the annual Debt Service Requirement for such Fiscal Year;

If at any time the City is required to fund the Required Reserve Amount, or to increase the Required Reserve Amount pursuant to a Supplement, the Required Reserve Amount or increase in the Required Reserve Amount, as applicable, may be funded in up to twelve (12) substantially equal consecutively monthly deposits commencing not later than the month following that receipt of audited financial statements for the System for the preceding Fiscal Year.

(b) Credit Facility. The City may initially fund the Reserve Fund or replace or substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, the cash or Eligible Investments on deposit in the Reserve Fund, taken together with the face amount of any existing Credit Facilities, in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the System Fund unless such excess was funded with the proceeds of sale of Parity Electric Utility Obligations in which case such excess shall be deposited to the credit of the Debt Service Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer.

(c) Priority of Draws. If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys and cash resulting from the sale or liquidation of Eligible Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

In the event of a draw on a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues shall be subject to the provisions of Section 14(d) below and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Electric Utility Obligations.

(d) Reserve Amount Deficiency. In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, subject to satisfying or making provision for the uses having a priority on the Gross Revenues before any deposits for the payment and security of the Parity Electric Utility Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of the Tenth Supplement and any Supplement, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

(e) Excess Required Reserve. As Parity Electric Utility Obligations secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding under the terms of the Ordinance or a Supplement, the Required Reserve Amount may be recalculated and redetermined, and any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to (i) the System Fund, if an amount equal to such excess was funded with Net Revenues, or (ii) the Debt Service Fund.

(f) Application to Commercial Paper/Credit Agreements. For the purpose of this Section, the Reserve Fund shall not secure Parity Electric Utility Obligations issued in the form of commercial paper, or any Credit Agreement issued in support of such Parity Electric Utility Obligations issued in the form of commercial paper, except as otherwise may be provided in any Supplement.

SECTION 15: PAYMENT OF BONDS. On or before the first scheduled interest payment date, and on or before each interest payment date and principal payment date thereafter while any of the Bonds are Outstanding, the City shall cause an amount to be transferred to the Paying Agent/Registrar in immediately available funds from the Debt Service Fund sufficient to pay such interest on and such principal amount of the Bonds, as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the City with an appropriate certificate of cancellation or destruction.

SECTION 16: COVENANTS TO MAINTAIN TAX EXEMPT STATUS WITH RESPECT TO SERIES 2010A BONDS.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“Closing Date” means the date on which the Series 2010A Bonds are first authenticated and delivered to the Underwriters against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148 1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148 1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148 1(c) of the Regulations, of the Series 2010A Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Series 2010A Bonds are invested and which is not acquired to carry out the governmental purposes of the Series 2010A Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148 1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Series 2010A Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Series 2010A Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Series 2010A Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the preceding, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Series 2010A Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Series 2010A Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Series 2010A Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Series 2010A Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the City or interest earned on

investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Series 2010A Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the preceding covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Series 2010A Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Series 2010A Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Series 2010A Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038 G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of

account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Series 2010A Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Series 2010A Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Series 2010A Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Series 2010A Bonds by the Underwriters and the loan of the money represented thereby and to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Debt Service Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Series 2010A Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time

thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Series 2010A Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Series 2010A Bonds not been relevant to either party.

(j) Elections. The City directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, Deputy Chief Financial Officer, or City Treasurer, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Series 2010A Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Series 2010A Bonds Not Hedge Bonds. (1) At the time the original obligations refunded by the Series 2010A Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such original obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations refunded by the Series 2010A Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The payment and discharge of the 2010A Refunded Notes and the Series 1993 Refunded Bonds will occur within ninety (90) days after the issuance of the Series 2010A Bonds and, therefore, the portion of the Series 2010A Bonds issued to refund such obligations is a current refunding.

(m) Qualified Advance Refunding. The portion of the Series 2010A Bond issued to refund the Series 2001 Refunded Bonds ("Advance Refunded Bonds") will be issued more than 90 days before the redemption thereof. The City represents as follows:

(1) The Series 2010A Bonds are the first advance refunding of the Advance Refunded Bonds, within the meaning of section 149(d)(3) of the Code.

(2) The Advance Refunded Bonds are being called for redemption, and will be redeemed not later than the earliest date on which such bonds may be redeemed.

(3) The initial temporary period under section 148(c) of the Code will end: (i) with respect to the proceeds of the Series 2010A Bonds not later than 30 days after the date of issue of such Series 2010A Bonds; and (ii) with respect to proceeds of the Advance Refunded Bonds on the Closing Date if not ended prior thereto.

(4) On and after the date of issue of the Series 2010A Bonds, no proceeds of the Advance Refunded Bonds will be invested in Nonpurpose Investments having a Yield in excess of the Yield on such Advance Refunded Bonds.

(5) The Series 2010A Bonds are being issued for the purposes stated in the preamble of this Tenth Supplement. There is a present value savings associated with the refunding. In the issuance of the Series 2010A Bonds the City has neither: (i) overburdened the tax exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than reasonably necessary to accomplish the governmental purposes for which the Series 2010A Bonds were issued; (ii) employed on "abusive arbitrage device" within the meaning of Section 1.148-10(a) of the Regulations; nor (iii) employed a "device" to obtain a material financial advantage based on arbitrage, within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates and reduced debt service payments in early years.

SECTION 17: SERIES 2010B BONDS DESIGNATED AS BUILD AMERICA BONDS.

(a) The City hereby irrevocably elects to apply (i) section 54AA of the Code to each of the Series 2010B Bonds as a "build America bond" and (ii) subsection 54AA(g) of the Code to each of the Series 2010B Bonds as a "qualified bond."

(b) With respect to the Series 2010B Bonds which have been designated as "Build America Bonds," the City shall:

(1) not permit the Issue Price of such Series 2010B Bonds to have original issue premium of more than one-quarter of one percent

of the stated redemption price at maturity times the number of complete years to maturity;

(2) not use more than two percent of the Issue Price of such Series 2010B Bonds to pay or finance costs of issuance of the Series 2010B Bonds; and

(3) use 100% of the available project proceeds, as defined in Section 54A(e)(4) of the Code, of the issue which includes such Bonds less any amounts deposited to a reasonably required reserve or replacement fund (as defined in Section 1.148-2(f) of the Regulations, to pay or finance capital expenditures, as defined in Section 1.150-1(b) of the Regulations.

(c) The City hereby directs and authorizes the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer and/or the City Treasurer, either or any combination of the foregoing, to (i) make such elections permitted or required pursuant to the provisions of the Code, or Regulations as they deem necessary or appropriate in connection with the Series 2010B Bonds; (ii) enter into such agreements, provide such certificates and take such other action as Bond Counsel may require to enable such counsel to provide such federal income tax opinions to the City as they deem necessary or proper; (iii) authorize and direct to whom and which account any subsidy payable by the United States with respect to the Series 2010B Bonds under section 6431 of the Code, or any successor, similar or related provision may be deposited provided however, such deposit shall be made on a basis consistent with Section 17(f) hereof; (iv) apply for subsidies under section 6431 of the Code payable to the City or to the party or parties determined by the Council; and (v) take any related act or action as they deem necessary or advisable. Such elections shall be deemed to be made on the Closing Date.

(d) The City Council hereby authorizes the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer and/or the City Treasurer to review, approve, and execute the Tax Certificate with respect to the Series 2010B Bonds (the "Tax Certificate") in the form prepared by Bond Counsel for the purposes of complying with the applicable provisions of the Code, as necessary to maintain the validity of the elections made in Section 17.

(e) Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of Section 17 shall survive the defeasance and discharge of the Series 2010B Bonds.

(f) A separate account is hereby established with a depository of the City and the City will deposit all subsidy payments received from the United States Treasury with respect to the Series 2010B Bonds into such account. The subsidy payments received pursuant to section 6431 of the Code are not pledged to the payment of debt service on the Series 2010B Bonds.

SECTION 18: AMENDMENT OF TENTH SUPPLEMENT.

(a) Required Owner Consent for Amendments. The owners of a majority in Outstanding Principal Amount of the Bonds shall have the right from time to time to approve any amendment to the Tenth Supplement which may be deemed necessary or desirable by the City; provided, however, nothing contained in the Tenth Supplement shall permit or be construed to permit the amendment of the terms and conditions in the Tenth Supplement so as to:

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Bonds;
- (4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Bonds or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds then Outstanding;
- (6) Amend this subsection (a) of this Section; or
- (7) Change the minimum percentage of the principal amount of Bonds necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Bonds affected by the change or amendment then Outstanding.

(b) Notice of Amendment Requiring Consent. If at any time the City shall desire to amend the Tenth Supplement under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy is on file with the Paying Agent for the Bonds. Such publication is not required, however, if notice in writing is given by mail, first class postage prepaid, to each owner of the Bonds.

(c) Time Period for Obtaining Consent. If within one year from (i) the date of the first publication of said notice or (ii) the date of the mailing by the Paying Agent of written notice to the owners of the Bonds, whichever date first occurs if both methods of giving notice are used, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Bonds consenting to and approving such amendment in substantially the form of the copy on file with each Paying Agent, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) Revocation of Consent. Any consent given by the owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Bonds during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, such consent may be revoked by the owner who gave such consent, or by a successor in title, by filing written notice of such revocation with the Paying Agent for such Bonds and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Bonds as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

(e) Implementation of Amendment. Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, the Tenth Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under the Tenth Supplement and all the owners of then Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendment.

(f) Amendment without Consent. The preceding provisions of this Section notwithstanding, the City by action of its governing body may amend the Tenth Supplement for any one or more of the following purposes:

(1) To vest the management and control of the Electric Utility System in an independent board of trustees or similar board pursuant to authority conferred by V.T.C.A., Government Code, Section 1502.070 et seq. or other law now or hereafter enacted;

(2) To add to the covenants and agreements of the City in the Tenth Supplement contained, other covenants and agreements

thereafter to be observed, grant additional rights or remedies to the owners of the Bonds or to surrender, restrict or limit any right or power in the Tenth Supplement reserved to or conferred upon the City;

(3) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Tenth Supplement, or in regard to clarifying matters or questions arising under the Tenth Supplement, as are necessary or desirable and not contrary to or inconsistent with the Tenth Supplement and which shall not adversely affect the interests of the owners of the Bonds then outstanding;

(4) To modify any of the provisions of the Tenth Supplement in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all the Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding;

(5) To make such amendments to the Tenth Supplement as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(6) To make such changes, modifications or amendments as may be necessary or desirable to allow the owners of the Bonds to thereafter avail themselves of a book entry system for payments, transfers and other matters relating to the Bonds, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of the Tenth Supplement and which shall not adversely affect the interests of the owners of the Bonds;

(7) To make such changes, modifications or amendments as may be necessary or desirable to obtain or maintain the granting of a rating on the Bonds by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(8) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Bonds, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest

rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Bonds. Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds shall be established by the Security Register maintained by the Paying Agent. Furthermore, the owner of any Bonds insured as to the payment of principal of and interest shall be deemed to be the insurance company providing the insurance coverage on such Bonds; provided such amendment to the Tenth Supplement is an amendment that can be made with the consent of a majority in Outstanding Principal Amount of the Bonds and such insurance company is not in default with respect to its obligations under its insurance policy.

SECTION 19: FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS. All or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the meaning of the Tenth Supplement when payment of the principal of such Bonds, redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which such deposit is made shall have been paid or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of the Tenth Supplement, the Master Ordinance or a lien on and pledge of the Net Revenues of the Electric Utility System, and shall be entitled to payment solely from such money or Government Obligations.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, may at the direction of the City also be invested in Government Obligations, maturing in the amounts and at the times as set forth in this Section, and all income from all Government Obligations not required for the payment of the Bonds, and interest on the Bonds, with respect to which such money has been so deposited, shall be turned over to the City or deposited as directed by the City. The City covenants that no deposit will be made or accepted under clause (ii) of this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

Notwithstanding any other provisions of the Tenth Supplement, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds, the redemption premium, if any, and interest on the Bonds, shall be applied to and used for the payment of such Bonds, the redemption premium, if any, and interest thereon and the income on such money or Government Obligations shall not be considered to be "Gross Revenues" under the Tenth Supplement.

SECTION 20: DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. If any Outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner provided in this Section. An application for the replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be

found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Tenth Supplement equally and proportionately with any and all other Bonds issued under the Tenth Supplement.

Notwithstanding the preceding provisions of this Section, if any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section. Furthermore, in accordance with V.T.C.A., Government Code, Section 1206.022, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 6 of the Tenth Supplement for Bonds issued in exchange for other Bonds.

SECTION 21: TENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the Tenth Supplement shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds and the pledge made in the Tenth Supplement by the City and the covenants and agreements set forth in the Tenth Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Tenth Supplement.

SECTION 22: CONTINUING DISCLOSURE UNDERTAKING.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2 12.

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2010) financial information and operating data with respect to the City of the general type included in the final Official Statement approved by Section 25 of the Tenth Supplement, being the information described in **Exhibit D** hereto and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in **Exhibit D** hereto and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the City shall provide unaudited financial statements for the applicable fiscal year and shall provide audited financial statements, when and if the same becomes available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet web site or filed with the SEC.

(c) Material Event Notices. The City shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of holders of the Bonds;
- (8) Bond calls;

- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) of Section 22, any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided in the Tenth Supplement. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT

SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under the Tenth Supplement for purposes of any other provision of the Tenth Supplement.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City or the Electric Utility System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Tenth Supplement that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data filed pursuant to subsection (b) of this Section 22 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 23: REMEDY IN EVENT OF DEFAULT. In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that if the City (a) defaults in payments to be made to the Debt Service Fund as required by the Tenth Supplement or the Master Ordinance,

(b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Tenth Supplement or the Master Ordinance or (c) the City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in the Tenth Supplement or the Master Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

SECTION 24: SALE OF BONDS. The Bonds are sold by the City to Citibank Global Markets, Inc., Barclays Capital Inc., Cabrera Capital Markets, LLC, Morgan Keegan & Company, Inc., Morgan Stanley & Co., Incorporated, Rice Financial Products Company, Siebert Brandford Shank & Co., and Southwest Securities, Inc. (collectively, the "Underwriters") in accordance with the Bond Purchase Agreements, dated June 10, 2010, attached hereto as **Exhibit E** and incorporated by reference as a part of the Tenth Supplement for all purposes. The Mayor is authorized and directed to execute each Bond Purchase Agreement for and on behalf of the City and as the act and deed of this Council, and in regard to the approval and execution of the Bond Purchase Agreements, the Council finds, determines and declares that the representations, warranties and agreements of the City contained in the Bond Purchase Agreements are true and correct in all material respects and shall be honored and performed by the City.

SECTION 25: OFFICIAL STATEMENT APPROVAL. The use of the Preliminary Official Statement, in the offering and sale of the Bonds is ratified, confirmed and approved in all respects, and the City Council finds that the information and data contained in said Preliminary Official Statement pertaining to the City and its financial affairs is true and correct in all material respects and no material facts have been omitted therefrom which are necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, Deputy Chief Financial Officer or City Treasurer, one or more of said officials), shall be and is in all respects approved and the Underwriters are authorized to use and distribute said final Official Statement, dated June 10, 2010, in the offering, sale and delivery of the Bonds to the public.

SECTION 26: SPECIAL ESCROW AGREEMENT APPROVAL AND EXECUTION. The "Special Escrow Agreement" (the "Agreement") by and between the City and Regions Bank, Houston, Texas (the "Escrow Agent"), attached as **Exhibit F** and incorporated herein by reference as a part of this Tenth Supplement for all purposes, is approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is authorized to be executed by the Mayor or Mayor Pro Tem and City Clerk or Deputy City Clerk for and on behalf of the City and as the act and deed of this City Council; and such Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement approved in this Ordinance.

Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are authorized and directed to make the necessary arrangements for the purchase of the Escrowed Securities referenced in the Agreement and their delivery to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "SPECIAL 2010 CITY OF AUSTIN, TEXAS, REVENUE REFUNDING BOND ESCROW FUND" (the "Escrow Fund"), all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, this Tenth Supplement and the Agreement.

SECTION 27: PROCEEDS OF SALE.

(a) Series 2010A Bonds. Immediately following the delivery of the Series 2010A Bonds, proceeds of sale of the Series 2010A Bonds in the sum of (i) \$75,600,879.44 shall be deposited to the credit of the Escrow Fund, (ii) \$50,000,000 shall be deposited with the US Bank, National Association (the "Deposit Agent"), the paying agent for the Series A Notes, for the payment and discharge of the 2010A Refunded Notes, and (iii) \$585,963.09 (representing accrued interest) shall be deposited to the credit of the Debt Service Fund. The balance of the proceeds of sale of the Series 2010A Bonds shall be expended to pay costs of issuance and municipal bond insurance premium, if any, and any excess amount budgeted for such purpose shall be deposited to the credit of the Debt Service Fund.

(b) Series 2010B Bonds. Immediately following the delivery of the Series 2010B Bonds, proceeds of sale of the Series 2010B Bonds in the sum of (i) \$100,000,000 shall be deposited with the US Bank, National Association (the "Deposit Agent"), the paying agent for the Series A Notes, for the payment and discharge of the 2010B Refunded Notes, and (ii) \$571,046.24 (representing

accrued interest) shall be deposited to the credit of the Debt Service Fund. The balance of the proceeds of sale of the Series 2010B Bonds shall be expended to pay costs of issuance and municipal bond insurance premium, if any, and any excess amount budgeted for such purpose shall be deposited to the credit of the Debt Service Fund.

Furthermore, appropriate officials of the City in cooperation with the Deposit Agent are authorized and directed to make the necessary arrangements for the deposit of funds with the Deposit Agent for the payment of the 2010A Refunded Notes and the 2010B Refunded Notes; all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, the Tenth Supplement.

Additionally, on or immediately prior to the date of the delivery of the Bonds to the Purchasers, the Treasurer shall cause to be transferred in immediately available funds to the Escrow Agent from moneys on deposit in the interest and sinking funds maintained for the payment of the Refunded Bonds the sum of \$549,503.26 to accomplish the refunding.

SECTION 28: REDEMPTION OF REFUNDED BONDS.

(a) The bonds of that series known as "City of Austin, Texas, Combined Utility System Revenue Refunding Bonds, Series 1993", dated January 15, 1993, maturing in the year 2018 and aggregating in principal amount \$5,190,000, shall be redeemed and the same are called for redemption on August 9, 2010, at the price of par and accrued interest to the date of redemption. The City Clerk is authorized and directed to file a copy of this Tenth Supplement, together with a suggested form of notice of redemption to be sent to bondholders, with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (successor paying agent/registrar to Ameritrust Texas, National Association), in accordance with the redemption provisions applicable to such bonds; such suggested form of notice of redemption being attached hereto as **Exhibit G** and incorporated herein by reference as a part of this Tenth Supplement for all purposes.

(b) The bonds of that series known as "City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2001", dated January 1, 2001, maturing in the years 2023 and 2030, and aggregating in principal amount \$69,200,000, shall be redeemed and the same are called for redemption on November 15, 2010, at the price of par and accrued interest to the date of redemption. The City Clerk is authorized and directed to file a copy of this Tenth Supplement, together with a suggested form of notice of redemption to be sent to bondholders, with UMB Bank, N.A., St. Louis, Missouri (successor paying

agent/registrars to State Street Bank and Trust of Missouri, N.A., St. Louis, Missouri), in accordance with the redemption provisions applicable to such bonds; such suggested form of notice of redemption being attached hereto as **Exhibit H** and incorporated herein by reference as a part of this Tenth Supplement for all purposes.

The redemption of the bonds described above being associated with the refunding of the obligations, the approval, authorization and arrangements in this Section given and provided for the redemption of the bonds on the redemption dates designated therefor and in the manner provided shall be irrevocable upon the issuance and delivery of the Bonds; and the City Clerk is authorized and directed to make all arrangements necessary to notify the holders of such bonds of the City's decision to redeem such bonds on the dates and in the manner herein provided and in accordance with the ordinances authorizing the issuance of the obligations and the Tenth Supplement.

SECTION 29: CONTROL AND CUSTODY OF BONDS. The city Manager of the City shall be and is authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bonds pending the approval by the Attorney General, the registration by the Comptroller of Public Accounts and the delivery to the Underwriters.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer, City Clerk, City Treasurer and City Attorney, any one or more of said officials, are authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and registration by the Comptroller of Public Accounts and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for printing of definitive Bonds and the delivery of the Bonds to the Underwriters.

SECTION 30: LEGAL OPINION. The obligation of the Underwriters to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., Attorneys, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion may be printed on the definitive Bonds or an executed counterpart of the opinion shall accompany the global Bonds deposited with The Depository Trust Company.

SECTION 31: CUSIP NUMBERS. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality of the Bonds and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 32: PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of the Tenth Supplement or the Bonds, the performance date of any provision of the Tenth Supplement or the Bonds, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance of such provision, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

SECTION 33: LIMITATION OF BENEFITS WITH RESPECT TO THE TENTH SUPPLEMENT. With the exception of the rights or benefits expressly conferred in the Tenth Supplement, nothing expressed or contained in the Tenth Supplement or implied from the provisions of the Tenth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to the Tenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision contained in the Tenth Supplement. The Tenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions of the Tenth Supplement are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the Tenth Supplement and in the Bonds.

SECTION 34: NOTICES TO HOLDERS WAIVER. Wherever the Tenth Supplement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise expressly provided in the Tenth Supplement) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where

the Tenth Supplement provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 35: GOVERNING LAW. The Tenth Supplement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 36: EFFECT OF HEADINGS. The Section headings in the Tenth Supplement are for convenience only and shall not affect the construction of the Tenth Supplement.

SECTION 37: CONSTRUCTION OF TERMS. If appropriate in the context of the Tenth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 38: SEVERABILITY. If any provision or the application of any provision of the Tenth Supplement to any circumstance shall be held to be invalid, the remainder of the Tenth Supplement and the application of the Tenth Supplement to other circumstances shall nevertheless be valid, and the City Council declares that the Tenth Supplement would have been enacted without such invalid provision.

SECTION 39: INSURANCE. The Series 2010A Bonds maturing in the years 2028 and 2029 (the "Insured Bonds") have been sold with the principal of and interest thereon being insured by Assured Guaranty Municipal Corp. ("Assured") pursuant to a Financial Guaranty Insurance Policy (the "Policy") and the City agrees to the provisions set forth below:

(a) With respect to notices and other information to be given to Assured as follows:

(1) Any notice that is required to be given to the Holders of the Insured Bonds, the MSRB pursuant to the Rule or to Paying Agent/Registrar pursuant to this Tenth Supplement shall also be provided to Assured simultaneously with the sending of such notices. All information furnished pursuant to Section 22 shall also be

provided to Assured, simultaneously with the furnishing of such information. All notices required to be given to Assured shall be in writing and shall be sent by registered or certified mail addressed to Assured Guaranty Municipal Corp., 1325 Avenue of the Americas, New York, New York 10019, Attention: General Counsel, with a copy to Assured, Attention: Risk Management Department – Public Finance Surveillance.

(2) Assured shall have the right to receive such additional information as it may reasonably request.

(3) The City will permit Assured to discuss the affairs, finances and accounts of the City or any information Assured may reasonably request regarding the security for the Insured Bonds with appropriate officers of the City, and will use best efforts to enable Assured to have access to the facilities, books and records of the City on any Business Day upon reasonable prior notice.

(4) The Paying Agent/Registrar shall notify Assured of any failure of the City to provide notices, certificates and other information under this Tenth Supplement.

(b) In the event that the principal and/or interest due on the Insured Bonds shall be paid by Assured pursuant to the policy, the Insured Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the Net Revenues and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of Assured, and Assured shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Bonds.

In connection with the refunding and defeasance of the Insured Bonds, the City will provide Assured an opinion of counsel that refunding and defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the Insured Bonds or the refunded bonds.

Any escrow agreement, and an opinion of counsel regarding the validity and enforceability of the escrow agreement, used in connection with a defeasance shall provide that:

(1) Any substitution of securities shall require verification by an independent certified public accountant and the prior written consent of Assured.

(2) The City will not exercise any optional redemption of Insured Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (A) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (B) as a condition of any such redemption there shall be provided to Assured verification by an independent certified public accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption.

(3) The City shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of Assured.

(c) With respect to the Paying Agent/Registrar, the following provisions shall apply:

(1) Assured shall receive prior written notice of any name change of the Paying Agent/Registrar for the Insured Bonds or the resignation or removal of the Paying Agent/Registrar.

(2) No removal, resignation or termination of the Paying Agent/Registrar shall take effect until a successor, acceptable to Assured, shall be appointed.

(3) The Paying Agent/Registrar may be removed at any time, at the request of Assured, for any breach of its obligations under this Tenth Supplement.

(d) With respect to amendments or supplements to this Tenth Supplement which do not require the consent of the Holders, Assured must be given notice of any such amendments or supplements. With respect to amendments or supplements to this Tenth Supplement which require the consent of the Holders, Assured's prior written consent is required. Copies of any amendments or supplements to this Tenth Supplement which are consented to by Assured shall be sent to the rating agencies which have assigned a rating to the Insured Bonds. Notwithstanding any other provision of this Tenth Supplement, in

determining whether the rights of Holders will be adversely affected by any action taken pursuant to the terms and provisions of this Tenth Supplement, the Paying Agent/Registrar shall consider the effect on the Holders as if there were no Policy.

(e) To the extent that this Tenth Supplement confers upon or gives or grants to Assured any right, remedy or claim under or by reason of this Tenth Supplement, Assured is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(f) Assured shall be deemed to be the Holder of all of the Insured Bonds for purposes of (a) exercising all remedies and directing the Paying Agent/Registrar to take actions or for any other purposes following the payment of interest on or principal of the Insured Bonds by Assured (“Event of Default”), and (b) granting any consent, direction or approval or taking any action permitted by or required under this Tenth Supplement to be granted or taken by the Holders of the Insured Bonds.

Anything in this Tenth Supplement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, Assured shall be entitled to control and direct enforcement of all rights and remedies granted to the Holders under this Tenth Supplement.

(g) The following consent rights apply:

(1) *Consent of Assured.* Any provision of this Tenth Supplement expressly recognizing or granting rights in or to Assured may not be amended in any manner which affects the rights of Assured hereunder without the prior written consent of Assured.

(2) *Consent of Assured in Addition to Holder Consent.* Wherever this Tenth Supplement requires the consent of Holders, Assured’s consent shall also be required.

(3) *Consent of Assured in the Event of Insolvency.* If the City is ever authorized to do so and does so, to the extent permitted by law, any reorganization or liquidation plan with respect to the City must be acceptable to Assured. In the event of any reorganization or liquidation, Assured shall have the right to vote on behalf of all Holders who hold Insured Bonds guaranteed by Assured, absent a default by Assured under the Policy.

(h) With respect to payment procedures under the Policy:

(1) At least two (2) Business Days prior to each payment date on the Insured Bonds, the Paying Agent/Registrar will determine whether there will be sufficient funds to pay all principal and interest with respect to the Insured Bonds due on the related payment date and shall immediately notify Assured or its designee on the same business day by telephone or electronic mail, confirmed in writing by registered or certified mail, of the amount of any deficiency. Such notice shall specify the amount of the anticipated deficiency, the Insured Bonds to which such deficiency is applicable and whether such Insured Bonds will be deficient as to principal or interest or both. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent/Registrar shall so notify Assured or its designee.

(2) The Paying Agent/Registrar, after giving notice to Assured as provided above, shall make available to Assured and, at Assured's written direction, to any Fiscal Agent, the registration books of the City maintained by the Paying Agent/Registrar and all records relating to the funds maintained under this Tenth Supplement.

(3) The Paying Agent/Registrar shall provide Assured and any Fiscal Agent with a list of registered owners of Insured Bonds entitled to receive principal or interest payments from Assured under the terms of the Policy, and shall make arrangements with Assured, the Fiscal Agent or another designee of Assured to (i) mail checks or drafts to the registered owners of Insured Bonds entitled to receive full or partial interest payments from Assured and (ii) pay principal with respect to Insured Bonds surrendered to Assured, the Fiscal Agent or another designee of Assured by the registered owners of Insured Bonds entitled to receive full or partial principal payments from Assured.

(4) The Paying Agent/Registrar, shall, at the time it provides notice to Assured of any deficiency pursuant to paragraph (h)(1) above, notify registered owners of Insured Bonds entitled to receive the payment of principal or interest with respect thereto from Assured (i) as to such deficiency and its entitlement to receive principal or interest, as applicable, (ii) that Assured will remit to them all or a part of the interest payments due on the related payment date upon proof

of its entitlement thereto and delivery to Assured or any Fiscal Agent, in form satisfactory to Assured, of an appropriate assignment of the registered owner's right to payment, (iii) that, if they are entitled to receive partial payment of principal from Assured, they must surrender the related Insured Bonds for payment first to the Paying Agent/Registrar, which will note on such Insured Bonds the portion of the principal paid by the Paying Agent/Registrar and second to Assured or its designee, together with an appropriate assignment, in form satisfactory to Assured, to permit ownership of such Insured Bonds to be registered in the name of Assured, which will then pay the unpaid portion of principal, and (iv) that, if they are entitled to receive full payment of principal from Assured, they must surrender the related Insured Bonds for payment to Assured or its designee, rather than the Paying Agent/Registrar, together with the an appropriate assignment, in form satisfactory to Assured, to permit ownership of such Insured Bonds to be registered in the name of Assured.

(5) In addition, if the Paying Agent/Registrar has notice that any Holder of the Insured Bonds has been required to disgorge payments of principal or interest with respect to the Insured Bonds previously Due for Payment pursuant to a final non-appealable order by a court of competent jurisdiction to the effect that such payment constitutes an avoidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the Paying Agent/Registrar shall notify Assured or its designee of such fact by telephone or electronic notice, confirmed in writing by registered or certified mail.

(6) The Paying Agent/Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Insured Bonds as follows:

i. If and to the extent there is a deficiency in amounts required to pay interest with respect to the Insured Bonds, the Paying Agent/Registrar shall (a) execute and deliver to Assured, in form satisfactory to Assured, an instrument appointing Assured as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to Assured of the claims for interest to which such deficiency relates and which are paid by Assured, (b) receive as designee of

the respective Holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Policy payment from Assured with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

ii. If and to the extent of a deficiency in amounts required to pay principal of the Insured Bonds, the Paying Agent/Registrar shall (a) execute and deliver to Assured, in form satisfactory to Assured, an instrument appointing Assured as agent for such Holder in any legal proceeding related to the payment of such principal and an assignment to Assured of the Insured Bond surrendered to Assured in an amount equal to the principal amount with respect thereto as has not previously been paid or for which moneys are not held by the Paying Agent/Registrar and available for such payment (but such assignment shall be delivered only if payment from Assured is received), (b) receive as designee of the respective Holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Policy payment therefor from Assured, and (c) disburse the same to such Holders.

(i) Payments with respect to claims for interest on and principal of the Insured Bonds disbursed from proceeds of the Policy shall not be considered to discharge the obligation of the City with respect to such Insured Bonds, and the Insured Bonds shall remain outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid by the City, and Assured shall become the Holder of such unpaid Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise; and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of Assured, and Assured shall be subrogated to the rights of such registered owners, including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Bonds.

(j) Irrespective of whether any such assignment is executed and delivered, the City and the Paying Agent/Registrar hereby agree for the benefit of Assured that:

(1) They recognize that to the extent Assured makes payments directly or indirectly (e.g., by paying through the Paying Agent/Registrar) on account of principal or interest with respect to the Insured Bonds, Assured will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the City, with interest with respect thereto as provided and solely from the sources stated in this Tenth Supplement and the Insured Bonds.

(2) They will accordingly pay to Assured the amount of such principal and interest with respect thereto as provided in this Tenth Supplement and the Insured Bonds, but only from the sources and in the manner provided herein for the payment of principal and interest with respect to the Holders, and will otherwise treat Assured as the owner of such rights to the extent of such principal and interest.

(3) The City hereby agrees to pay or reimburse Assured, to the extent permitted by law, (A) for all amounts paid by Assured under the terms of the Policy, and (B) any and all charges, fees, costs and expenses which Assured may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Tenth Supplement or any other financing document including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the City or any affiliate thereof) relating to this Tenth Supplement or any other financing document, any party to this Tenth Supplement or any other financing document or the transaction contemplated by the financing documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Tenth Supplement or any other financing document, or the pursuit of any remedies under this Tenth Supplement or any other financing document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, or (iv) any amendment, waiver or other action with respect to, or related to, this Tenth Supplement or any other financing document whether or not executed or completed; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of Assured spent in connection with

the actions described in clauses (B)(ii) through (B)(iv) herein. In addition, Assured reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Tenth Supplement or any other financing document. To the extent permitted by law and subject to annual appropriation, the City will pay interest on the amounts owed in this paragraph from the date of any payment due or paid, at the Reimbursement Rate.

(4) In addition to any and all rights of reimbursement, subrogation and any other rights pursuant hereto under law or in equity, the City agrees to pay or reimburse Assured, to the extent permitted by law, any and all charges, fees, costs, claims, losses, liabilities (including penalties), judgments, demands, damages, and expenses which Assured or its officers, directors, shareholders, employees, agents and each Person, if any, who controls Assured within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, may reasonably pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, of any nature in connection with, in respect of or relating to the transactions contemplated by this agreement or this Tenth Supplement by reason of:

i. any omission or action (other than by Assured) in connection with the offering, issuance, sale, remarketing or delivery of the Insured Bonds;

ii. the negligence, bad faith, willful misconduct, misfeasance, malfeasance or theft committed by any director, officer, employee or agent of the City in connection with any transaction arising from or relating to this agreement or this Tenth Supplement;

iii. the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it;

iv. the breach by the City of any representation, warranty or covenant under this Tenth Supplement or the occurrence, in respect of the City, under this Tenth Supplement of any "Event of Default" or any event

which, with the giving of notice or lapse of time or both, would constitute any “Event of Default”; or

v. any untrue statement or alleged untrue statement of a material fact contained in any official statement relating to the Insured Bonds, if any, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such claims arise out of or are based upon any untrue statement or omission in information included in an official statement, if any, and furnished by Assured in writing expressly for use therein.

(5) Assured shall be entitled to pay principal or interest with respect to the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City, whether or not Assured has received a Notice of Nonpayment or a claim upon the Policy.

(6) In addition, Assured shall to the extent it makes any payment of principal or interest with respect to the Insured Bonds become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (i) in the case of claims for interest, the Paying Agent/Registrar shall note Assured’s rights as subrogee on the registration books of the City maintained by the Paying Agent/Registrar, upon receipt of proof of payment of interest with respect thereto to the Holders of the Insured Bonds, and (ii) in the case of claims for principal, the Paying Agent/Registrar, if any, shall note Assured’s rights as subrogee on the registration books of the City maintained by the Paying Agent/Registrar, upon surrender of the Insured Bonds together with receipt of proof of payment of principal with respect thereto.

SECTION 40: PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which the Tenth Supplement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at the meeting, including the Tenth Supplement, was given; all as required by V.T.C.A., Government Code, Chapter 551.

SECTION 41: EFFECTIVE DATE. The Tenth Supplement is passed on one reading as authorized by V.T.C.A., Government Code, Section 1201.028, and shall be effective immediately upon its passage and adoption.

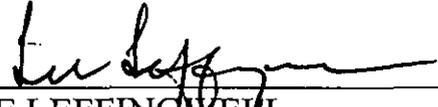
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PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

June 10, 2010

§
§
§



LEE LEFFINGWELL
Mayor

APPROVED:

ATTEST:



KAREN KENNARD
Acting City Attorney



SHIRLEY A. GENTRY
City Clerk



EXHIBIT A

IDENTIFICATION AND DESCRIPTION OF REFUNDED OBLIGATIONS

Refunded Bonds:

(1) City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1993, dated January 15, 1993, representing a portion of such bonds scheduled to mature on May 15, 2018, and aggregating in principal amount of \$5,190,000 (the "Series 1993 Refunded Bonds")

(2) City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2001, dated January 1, 2001, scheduled to mature on November 15, 2023 and November 15, 2030, and aggregating in principal amount \$69,200,000 ("Series 2001 Refunded Bonds")

2010B Refunded Notes:

Commercial Paper Issuance Date	Principal Amount of Commercial Paper
03/30/2009	\$11,127,000
04/30/2009	\$ 8,139,000
06/25/2009	\$12,753,000
07/30/2009	\$10,145,000
08/26/2009	\$12,764,000
09/30/2009	\$ 3,600,000
11/04/2009	\$11,898,000
11/24/2009	\$ 3,143,000
12/21/2009	\$ 3,199,000
01/26/2010	\$ 6,485,000
02/23/2010	\$ 2,490,000
03/30/2010	\$ 9,321,000
04/30/2010	\$12,062,000

EXHIBIT B
SERIES 2010A PAYING AGENT REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of June 10, 2010 (this "Agreement"), by and between the City of Austin, Texas (the "Issuer"), and Regions Bank, Houston, Texas, a banking corporation organized and existing under the laws of the State of Alabama and authorized to do business in the State of Texas, or its successors (the "Bank"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the execution and delivery of its "City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B" (Direct Subsidy-Build America Bonds) (the "Obligations"), dated June 1, 2010, which Securities are scheduled to be delivered to the initial purchaser on or about July 8, 2010; and

WHEREAS, the Obligations are scheduled to be delivered to the initial purchaser thereof as provided in the "Authorizing Document" (hereinafter defined);

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Obligations and with respect to the registration, transfer, and exchange thereof by the registered owners thereof;

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Obligations;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. **Appointment.** The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Obligations. As Paying Agent for the Obligations, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Obligations as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the Authorizing Document.

The Issuer hereby appoints the Bank as Registrar with respect to the Obligations. As Registrar for the Obligations, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Obligations and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Obligations.

Section 1.02. **Compensation**. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Schedule A** attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE II DEFINITIONS

Section 2.01. **Definitions**. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authorized Representative of the Issuer" means (i) the Mayor, (ii) the City Manager, (iii) the Chief Financial Officer, (iv) the Treasurer, (v) the City Clerk, of the Issuer or (vi) such other officer of the Issuer designated as an "Authorized Representative" in writing to the Bank by any of the officers listed in clauses (i), (ii), (iii), (iv) or (v).

"Bank Office" means the designated offices of the Bank at the addresses reflected in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"BAB Subsidy Account" means the subaccount established by Section 6.02 hereof relating solely to the Obligations.

"Code" means the Internal Revenue Code of 1986, as amended.

"Department of the Treasury" means the United States Department of the Treasury.

“Federal Income Tax Laws” means the Code, the regulations promulgated thereunder and applicable rulings, announcements, notices and other United States Treasury Department and Internal Revenue Services promulgations, and judicial decisions.

“Holder” and “Security Holder” each means the Person in whose name a Obligation is registered in the Security Register.

“Interest and Sinking Fund” shall mean the “Debt Service Fund” defined in the Authorizing Document.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Obligations are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the City Clerk of the Issuer or any other officer of the Issuer and delivered to the Bank.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Obligation for which a replacement Obligation has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

“Record Date” means the last business day of the month next preceding an interest payment date established by the Authorizing Document.

“Redemption Date” when used with respect to any Obligation to be redeemed means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

“Responsible Officer” when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the Chair, any Vice Chair, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with

respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Obligations.

“Stated Maturity” means the date specified in the Authorizing Document on which the principal of a Obligation is scheduled to be due and payable.

“Subsidy Payments” has the meaning set forth in Section 6.01 hereof.

Section 2.02. **Other Definitions.** The terms “Bank,” “Issuer,” and “Obligations” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE III PAYING AGENT

Section 3.01. **Duties of Paying Agent.** As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Obligation at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Obligation to the Bank at the Bank Office at the following address:

Regions Bank
298 West Valley Avenue, 2nd Floor
Homewood, Alabama 35209
Attention: Operations

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Obligation when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class, postage prepaid, on each payment date, to the Holders of the Obligations (or their Predecessor Obligations) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02. **Payment Dates.** The Issuer hereby instructs the Bank to pay the principal of and interest on the Obligations on the dates specified in the Authorizing Document.

ARTICLE IV REGISTRAR

Section 4.01. **Security Register - Transfers and Exchanges.** The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Obligations, the transfer, exchange, and replacement of the Obligations, and the payment of the principal of and interest on the Obligations to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges, and replacement of Obligations shall be noted in the Security Register. The Bank shall maintain a copy of the Security Register within the State of Texas.

Every Obligation surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Obligations.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Obligations, the exchange or transfer by the Holders thereof will be completed and new Obligations delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Obligations to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. **Certificates.** If the book-entry system of securities transfer and registrations shall be discontinued, the Issuer shall provide an adequate inventory of printed Obligations to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Obligations will be kept in safekeeping pending their use, and reasonable care will be exercised by the

Bank in maintaining such Obligations in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. **Form of Security Register.** The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Obligations in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. **List of Obligation Holders.** The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

Unless required by law, the Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. **Destruction of Paid Certificates.** At any time subsequent to six months after the payment thereof, the Bank is authorized to cancel and destroy any Obligations duly paid and shall furnish to the Issuer a certificate evidencing such destruction.

Section 4.06. **Mutilated, Destroyed, Lost, or Stolen Obligations.** The Issuer hereby instructs the Bank, subject to the applicable provisions of the Authorizing Document, to deliver and issue Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an over issuance.

In case any Obligation shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Obligation of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Obligation, or in lieu of and in substitution for such destroyed, lost, or stolen Obligation, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss, or theft of such Obligation, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution, and delivery of a replacement Obligation shall be borne by the Holder of the Obligation mutilated, or destroyed, lost, or stolen.

Section 4.07. **Transaction Information to Issuer.** The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations pursuant to Section 4.06.

Section 4.08. **U.S. Federal Income Tax Reporting and Withholding.**

The Bank shall timely comply with all applicable requirements of the Federal Income Tax Laws, with respect to obtaining and retaining all documents required to be obtained or retained in connection with the performance of its duties hereunder, including, without limitation, the obtaining and retaining, to the extent applicable, Forms W-8, W-9, 1099, 1042 and 1042S to be furnished by Holders. The Bank agrees that it will timely and accurately file with the Internal Revenue Service and send to Holders all information returns, statements and forms required under the Federal Income Tax Laws and will show on such returns, statements and forms, in addition to certain identifying information about itself, the name, address and taxpayer identification number of the Issuer and that the Bank is making such return or statement as the Issuer's Paying Agent/Registrar. The Bank further agrees to include in information returns, statements or forms sent to any Holders such explanatory information as the Issuer may timely furnish to the Bank for inclusion in such information returns, statements or forms. The Bank shall also, pursuant to the applicable Federal Income Tax Laws, withhold from the amounts payable to the Holders all applicable withholding and/or back up withholding, if any, required to be so withheld and remit the same to the Internal Revenue Service on a timely basis and shall furnish the Issuer within five days following written request therefor, a statement or statements showing amounts withheld, the dates of

remittance to the Internal Revenue Service, the reasons for withholding, identifying information with respect to the Holders subject to withholding and such other information or documents as the Issuer may reasonably request concerning such withholding. The Bank shall also, within five days following receipt of a written request from the Issuer, furnish the Issuer with originals or copies (as specified by the Issuer in such written request) of all Internal Revenue Service forms or other documents, including, but not limited to Forms W-8, W-9, 1099, 1042 and 1042S or substitutes thereof, in the possession of the Bank which relate to the Obligations.

ARTICLE V THE BANK

Section 5.01. **Duties of Bank.** The Bank undertakes to perform the duties set forth herein and in the Authorizing Document and agrees to use reasonable care in the performance thereof. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

Section 5.02. **Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the

proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Obligations, but is protected in acting upon receipt of Obligations containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. **Recitals of Issuer.** The recitals contained herein with respect to the Issuer and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Obligation, or any other Person for any amount due on any Obligation from its own funds.

Section 5.04. **May Hold Obligations.** The Bank, in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. **Money Held by Bank.** The Bank shall deposit any money received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Obligations, with such money in the account that exceeds the deposit insurance available to the Issuer, provided by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Obligations shall, at its own expense and risk, request such other medium of payment.

All funds at any time and from time to time provided to or held by the Bank hereunder shall be deemed, construed, and considered for all purposes as being provided to or held by the Bank in trust. The Bank acknowledges, covenants, and represents that it is acting herein in trust in relation to such funds, and is not accepting, holding, administering, or applying such funds as a banking depository, but solely as a paying agent for and on behalf of the Obligation thereto. The Holders shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of trust funds generally. The funds provided to the Bank hereunder shall not be subject to warrants, drafts or checks drawn by the Issuer and, except as expressly provided herein, shall not be subject to compromise, set off, or other charge or diminution by the Bank.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the unclaimed property laws of the State of Texas and any provisions in the Authorizing Document to the contrary, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such money shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title 6 of the Texas Property Code, as amended.

Section 5.06. **Indemnification**. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. **Interpleader**. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in

any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. **Depository Trust Company Services.** It is hereby represented and warranted that, in the event the Obligations are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements,” effective on the date hereof or as amended, which establishes requirements for securities to be eligible for such type of depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Section 5.09. **Reporting Requirements of Paying Agent/Registrar.** To the extent required by the Code and the regulations promulgated and pertaining thereto, it shall be the duty of the Paying Agent/Registrar, on behalf of the Issuer, to report to the owners of the Obligations and the Internal Revenue Service (i) the amount of “reportable payments”, if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Obligations and (ii) the amount of interest or amount treating as interest on the Obligations and required to be included in gross income of the owner thereof.

ARTICLE VI PROVISIONS RELATING TO THE ISSUER’S RECEIPT OF THE DIRECT FEDERAL SUBSIDY

Section 6.01. **Receipt and Deposit of Federal Subsidy Payments; Investment.**

The Issuer has irrevocably elected to receive directly from the Department of the Treasury subsidy payments equal to 35% of the interest paid on the Bonds by the Issuer (the “Subsidy Payments”), which election is based on the Bonds’ qualification as “Build America Bonds” under section 54AA of the Code and as “qualified bonds” under subsection 54AA(g) of the Code, and the Issuer’s irrevocable election to treat the Bonds as such at the time of their issuance. The Issuer has the sole and complete authority for the receipt, allocation, accounting, and transfer of the Subsidy Payments and hereby authorizes the Bank to receive any and all direction with respect to the Subsidy Payments from the Authorized Representative of the Issuer. In each Form 8038-CP to be filed by the Issuer, with the Internal Revenue Service, the Issuer may direct the Department of the Treasury to send the Subsidy Payment, on its behalf, directly to the Bank, in its capacity as

Paying Agent for the Bonds. Alternatively, the Issuer may transfer the Subsidy Payments when received to the Bank. Regardless, upon receipt by the Bank, the Issuer hereby directs the Bank to immediately deposit the Subsidy Payments to the BAB Subsidy Account upon its receipt of the same to make a portion of the debt service payments on the Bonds.

The Bank agrees to cooperate with Issuer and take such reasonable actions as directed by Issuer to enable or assist the Issuer with respect to the payment of the Subsidy Payments and to enable the Bank as Paying Agent (or if Bank ceases to be Paying Agent or the Issuer decides to receive the Subsidy Payment directly or to direct that the Subsidy Payment be paid to another designee) to enable the Issuer or such other designee, to receive the Subsidy Payment.

Money on deposit in the BAB Subsidy Account shall be invested by the Bank as directed in writing by an Authorized Representative of the Issuer in investments as authorized by the Ordinance.

Section 6.02. Establishment of BAB Subsidy Account.

Pursuant to Section 17(f) of the Ordinance, the Paying Agent hereby establishes the BAB Subsidy Account as follows:

Regions Bank
City of Austin Electric System BAB Subsidy Account
Account Number: _____

It is anticipated that the Subsidy Payments will initially be paid by the Department of Treasury by a check made payable to the Issuer for deposit to the BAB Subsidy Account until the Department of Treasury implements regulations and procedures to provide for the wire transfer, or other electronic transfer, of the Subsidy Payments to the Bank for immediate deposit into the BAB Subsidy Account.

Section 6.03. Notice to Issuer of Subsidy Payment Deposit; Off-Set by Issuer.

As soon as practicable, but in no event later than two (2) business days, after depositing a Subsidy Payment to the BAB Subsidy Account, the Bank will send written notice of such deposit (including the amount thereof) to the Issuer. The Issuer shall then take such deposit into account, for so long as all or any part of the same is held in the BAB Subsidy Account and has not otherwise been used or allocated to make payment in the manner hereinafter described, when forwarding

to the Bank regularly scheduled debt service payments on the Bonds, as required under the Ordinance, so that such requisite payments are reduced in an aggregate amount equal to the sum of the Subsidy Payment.

Section 6.04. Use of the Subsidy Payments to Off-Set Debt Service Requirements on the Bonds.

When making the payments at the times and in the manner described in Article Three hereof, the Bank shall first withdraw funds on deposit in the BAB Subsidy Account prior to withdrawing the necessary balance from the Interest and Sinking Fund (or from any other available source from which such payments may be legally made) to make the debt service payments on the Bonds. Accordingly, since money (being the Subsidy Payments and investment earnings thereon) on deposit in the BAB Subsidy Account may only be utilized to pay a portion of the debt service requirements on the Bonds, such funds shall reduce the payment obligations related thereto and, as such, shall be taken into account as a direct offset to the payment of the maximum principal and/or interest, as applicable, on the Bonds for all purposes of the Ordinance.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 7.06. **Severability.** In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7.07. **Benefits of Agreement.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 7.08. **Entire Agreement.** This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 7.09. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. **Termination.** This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Obligations to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days' written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Obligations of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay, or otherwise adversely affect the payment of the Obligations.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Obligations, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement

Section 7.11. **Governing Law.** This Agreement shall be construed in accordance with and governed by the law of the State of Texas.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

REGIONS BANK, Houston, Texas

BY _____
Title:

Attest:

Address: 1717 St. James Place
Suite 500
Houston, Texas 77056

Title:

CITY OF AUSTIN, TEXAS

Attest:

BY _____
Lee Leffingwell, Mayor

Address: P. O. Box 1088
Austin, Texas 78767

Shirley A. Gentry, City Clerk

SCHEDULE A

Paying Agent/Registrar Fee Schedule

(See attached.)



Paying Agent, Registrar Services and Escrow Services for

City of Austin
Electric Utility System Revenue Refunding Bonds,
Series 2010 A&B

Schedule of Fees

Acceptance Fee:.....	Waived
Administration Fee:	\$250 Annually in Advance
One-Time PAR Fee Option:	\$3,300
Escrow Fee:	\$250 One-Time Fee
Filing Fee (Per BABs Series):	\$500 Annually (if selected)

The Acceptance Fee and the initial Administration Fee are payable at the closing of this transaction. Thereafter, the Administration Fee and any expenses will be billed on the anniversary date of the closing.

The above-mentioned Fees are basic charges and do not include out-of-pocket expenses, which will be billed in addition to the regular charges as required. Out-of-pocket expenses shall include, but are not limited to: telephone tolls, stationery, travel and postage expenses.

Charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be determined by appraisal in amounts commensurate with the service to be provided. Counsel fees, if ever retained as a result of default or other extraordinary occurrence on behalf of the bondholders or Regions will be billed at cost. Quote does not include legal fees for trustee counsel opinions.

Services not included in this Fee Schedule, but deemed necessary or desirable by you, may be subject to additional charges based on a mutually agreed upon fee schedule.

Our proposal is subject in all aspects to Region's review and acceptance of the final financing documents, which set forth our duties and responsibilities.

By: /s/ Mark Dault
Mark Dault
Vice President

Date: June 9, 2010

EXHIBIT C

SERIES 2010B PAYING AGENT REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of June 10, 2010 (this "Agreement"), by and between the City of Austin, Texas (the "Issuer"), and Regions Bank, Houston, Texas, a banking corporation organized and existing under the laws of the State of Alabama and authorized to do business in the State of Texas, or its successors (the "Bank"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the execution and delivery of its "City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B" (Direct Subsidy-Build America Bonds) (the "Obligations"), dated June 1, 2010, which Obligations are scheduled to be delivered to the initial purchaser on or about July 8, 2010; and

WHEREAS, the Obligations are scheduled to be delivered to the initial purchaser thereof as provided in the "Authorizing Document" (hereinafter defined);

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Obligations and with respect to the registration, transfer, and exchange thereof by the registered owners thereof;

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Obligations;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. **Appointment.** The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Obligations. As Paying Agent for the Obligations, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Obligations as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the Authorizing Document.

The Issuer hereby appoints the Bank as Registrar with respect to the Obligations. As Registrar for the Obligations, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Obligations and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Obligations.

Section 1.02. **Compensation.** As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Schedule A** attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE II DEFINITIONS

Section 2.01. **Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authorized Representative of the Issuer" means (i) the Mayor, (ii) the City Manager, (iii) the Chief Financial Officer, (iv) the Treasurer, (v) the City Clerk, of the Issuer or (vi) such other officer of the Issuer designated as an "Authorized Representative" in writing to the Bank by any of the officers listed in clauses (i), (ii), (iii), (iv) or (v).

"Bank Office" means the designated offices of the Bank at the addresses reflected in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"BAB Subsidy Account" means the subaccount established by Section 6.02 hereof relating solely to the Obligations.

"Code" means the Internal Revenue Code of 1986, as amended.

"Department of the Treasury" means the United States Department of the Treasury.

“Federal Income Tax Laws” means the Code, the regulations promulgated thereunder and applicable rulings, announcements, notices and other United States Treasury Department and Internal Revenue Services promulgations, and judicial decisions.

“Holder” and “Security Holder” each means the Person in whose name a Obligation is registered in the Security Register.

“Interest and Sinking Fund” shall mean the “Debt Service Fund” defined in the Authorizing Document.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Obligations are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the City Clerk of the Issuer or any other officer of the Issuer and delivered to the Bank.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Obligation for which a replacement Obligation has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

“Record Date” means the last business day of the month next preceding an interest payment date established by the Authorizing Document.

“Redemption Date” when used with respect to any Obligation to be redeemed means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

“Responsible Officer” when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the Chair, any Vice Chair, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with

respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Obligations.

“Stated Maturity” means the date specified in the Authorizing Document on which the principal of a Obligation is scheduled to be due and payable.

“Subsidy Payments” has the meaning set forth in Section 6.01 hereof.

Section 2.02. **Other Definitions.** The terms “Bank,” “Issuer,” and “Obligations” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE III PAYING AGENT

Section 3.01. **Duties of Paying Agent.** As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Obligation at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Obligation to the Bank at the Bank Office at the following address:

Regions Bank
298 West Valley Avenue, 2nd Floor
Homewood, Alabama 35209
Attention: Operations

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Obligation when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class, postage prepaid, on each payment date, to the Holders of the Obligations (or their Predecessor Obligations) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02. **Payment Dates.** The Issuer hereby instructs the Bank to pay the principal of and interest on the Obligations on the dates specified in the Authorizing Document.

ARTICLE IV REGISTRAR

Section 4.01. **Security Register - Transfers and Exchanges.** The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Obligations, the transfer, exchange, and replacement of the Obligations, and the payment of the principal of and interest on the Obligations to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges, and replacement of Obligations shall be noted in the Security Register. The Bank shall maintain a copy of the Security Register within the State of Texas.

Every Obligation surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Obligations.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Obligations, the exchange or transfer by the Holders thereof will be completed and new Obligations delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Obligations to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. **Certificates.** If the book-entry system of securities transfer and registrations shall be discontinued, the Issuer shall provide an adequate inventory of printed Obligations to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Obligations will be kept in safekeeping pending their use, and reasonable care will be exercised by the

Bank in maintaining such Obligations in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. **Form of Security Register.** The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Obligations in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. **List of Obligation Holders.** The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

Unless required by law, the Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. **Destruction of Paid Certificates.** At any time subsequent to six months after the payment thereof, the Bank is authorized to cancel and destroy any Obligations duly paid and shall furnish to the Issuer a certificate evidencing such destruction.

Section 4.06. **Mutilated, Destroyed, Lost, or Stolen Obligations.** The Issuer hereby instructs the Bank, subject to the applicable provisions of the Authorizing Document, to deliver and issue Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an over issuance.

In case any Obligation shall be mutilated; or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Obligation of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Obligation, or in lieu of and in substitution for such destroyed, lost, or stolen Obligation, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss, or theft of such Obligation, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution, and delivery of a replacement Obligation shall be borne by the Holder of the Obligation mutilated, or destroyed, lost, or stolen.

Section 4.07. **Transaction Information to Issuer.** The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations pursuant to Section 4.06.

Section 4.08. **U.S. Federal Income Tax Reporting and Withholding.**

The Bank shall timely comply with all applicable requirements of the Federal Income Tax Laws, with respect to obtaining and retaining all documents required to be obtained or retained in connection with the performance of its duties hereunder, including, without limitation, the obtaining and retaining, to the extent applicable, Forms W-8, W-9, 1099, 1042 and 1042S to be furnished by Holders. The Bank agrees that it will timely and accurately file with the Internal Revenue Service and send to Holders all information returns, statements and forms required under the Federal Income Tax Laws and will show on such returns, statements and forms, in addition to certain identifying information about itself, the name, address and taxpayer identification number of the Issuer and that the Bank is making such return or statement as the Issuer's Paying Agent/Registrar. The Bank further agrees to include in information returns, statements or forms sent to any Holders such explanatory information as the Issuer may timely furnish to the Bank for inclusion in such information returns, statements or forms. The Bank shall also, pursuant to the applicable Federal Income Tax Laws, withhold from the amounts payable to the Holders all applicable withholding and/or back up withholding, if any, required to be so withheld and remit the same to the Internal Revenue Service on a timely basis and shall furnish the Issuer within five days following written request therefor, a statement or statements showing amounts withheld, the dates of

remittance to the Internal Revenue Service, the reasons for withholding, identifying information with respect to the Holders subject to withholding and such other information or documents as the Issuer may reasonably request concerning such withholding. The Bank shall also, within five days following receipt of a written request from the Issuer, furnish the Issuer with originals or copies (as specified by the Issuer in such written request) of all Internal Revenue Service forms or other documents, including, but not limited to Forms W-8, W-9, 1099, 1042 and 1042S or substitutes thereof, in the possession of the Bank which relate to the Obligations.

ARTICLE V THE BANK

Section 5.01. **Duties of Bank.** The Bank undertakes to perform the duties set forth herein and in the Authorizing Document and agrees to use reasonable care in the performance thereof. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

Section 5.02. **Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the

proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Obligations, but is protected in acting upon receipt of Obligations containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. **Recitals of Issuer.** The recitals contained herein with respect to the Issuer and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Obligation, or any other Person for any amount due on any Obligation from its own funds.

Section 5.04. **May Hold Obligations.** The Bank, in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. **Money Held by Bank.** The Bank shall deposit any money received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Obligations, with such money in the account that exceeds the deposit insurance available to the Issuer, provided by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Obligations shall, at its own expense and risk, request such other medium of payment.

All funds at any time and from time to time provided to or held by the Bank hereunder shall be deemed, construed, and considered for all purposes as being provided to or held by the Bank in trust. The Bank acknowledges, covenants, and represents that it is acting herein in trust in relation to such funds, and is not accepting, holding, administering, or applying such funds as a banking depository, but solely as a paying agent for and on behalf of the Obligation thereto. The Holders shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of trust funds generally. The funds provided to the Bank hereunder shall not be subject to warrants, drafts or checks drawn by the Issuer and, except as expressly provided herein, shall not be subject to compromise, set off, or other charge or diminution by the Bank.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the unclaimed property laws of the State of Texas and any provisions in the Authorizing Document to the contrary, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such money shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title 6 of the Texas Property Code, as amended.

Section 5.06. **Indemnification.** To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. **Interpleader.** The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in

any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. **Depository Trust Company Services.** It is hereby represented and warranted that, in the event the Obligations are otherwise qualified and accepted for “Depository Trust Company” services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the “Operational Arrangements,” effective on the date hereof or as amended, which establishes requirements for securities to be eligible for such type of depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Section 5.09. **Reporting Requirements of Paying Agent/Registrar.** To the extent required by the Code and the regulations promulgated and pertaining thereto, it shall be the duty of the Paying Agent/Registrar, on behalf of the Issuer, to report to the owners of the Obligations and the Internal Revenue Service (i) the amount of “reportable payments”, if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Obligations and (ii) the amount of interest or amount treating as interest on the Obligations and required to be included in gross income of the owner thereof.

ARTICLE VI PROVISIONS RELATING TO THE ISSUER’S RECEIPT OF THE DIRECT FEDERAL SUBSIDY

Section 6.01. **Receipt and Deposit of Federal Subsidy Payments; Investment.**

The Issuer has irrevocably elected to receive directly from the Department of the Treasury subsidy payments equal to 35% of the interest paid on the Bonds by the Issuer (the “Subsidy Payments”), which election is based on the Bonds’ qualification as “Build America Bonds” under section 54AA of the Code and as “qualified bonds” under subsection 54AA(g) of the Code, and the Issuer’s irrevocable election to treat the Bonds as such at the time of their issuance. The Issuer has the sole and complete authority for the receipt, allocation, accounting, and transfer of the Subsidy Payments and hereby authorizes the Bank to receive any and all direction with respect to the Subsidy Payments from the Authorized Representative of the Issuer. In each Form 8038-CP to be filed by the Issuer, with the Internal Revenue Service, the Issuer may direct the Department of the Treasury to send the Subsidy Payment, on its behalf, directly to the Bank, in its capacity as

Paying Agent for the Bonds. Alternatively, the Issuer may transfer the Subsidy Payments when received to the Bank. Regardless, upon receipt by the Bank, the Issuer hereby directs the Bank to immediately deposit the Subsidy Payments to the BAB Subsidy Account upon its receipt of the same to make a portion of the debt service payments on the Bonds.

The Bank agrees to cooperate with Issuer and take such reasonable actions as directed by Issuer to enable or assist the Issuer with respect to the payment of the Subsidy Payments and to enable the Bank as Paying Agent (or if Bank ceases to be Paying Agent or the Issuer decides to receive the Subsidy Payment directly or to direct that the Subsidy Payment be paid to another designee) to enable the Issuer or such other designee, to receive the Subsidy Payment.

Money on deposit in the BAB Subsidy Account shall be invested by the Bank as directed in writing by an Authorized Representative of the Issuer in investments as authorized by the Ordinance.

Section 6.02. Establishment of BAB Subsidy Account.

Pursuant to Section 17(f) of the Ordinance, the Paying Agent hereby establishes the BAB Subsidy Account as follows:

Regions Bank
City of Austin Electric System BAB Subsidy Account
Account Number: _____

It is anticipated that the Subsidy Payments will initially be paid by the Department of Treasury by a check made payable to the Issuer for deposit to the BAB Subsidy Account until the Department of Treasury implements regulations and procedures to provide for the wire transfer, or other electronic transfer, of the Subsidy Payments to the Bank for immediate deposit into the BAB Subsidy Account.

Section 6.03. Notice to Issuer of Subsidy Payment Deposit; Off-Set by Issuer.

As soon as practicable, but in no event later than two (2) business days, after depositing a Subsidy Payment to the BAB Subsidy Account, the Bank will send written notice of such deposit (including the amount thereof) to the Issuer. The Issuer shall then take such deposit into account, for so long as all or any part of the same is held in the BAB Subsidy Account and has not otherwise been used or allocated to make payment in the manner hereinafter described, when forwarding

to the Bank regularly scheduled debt service payments on the Bonds, as required under the Ordinance, so that such requisite payments are reduced in an aggregate amount equal to the sum of the Subsidy Payment.

Section 6.04. Use of the Subsidy Payments to Off-Set Debt Service Requirements on the Bonds.

When making the payments at the times and in the manner described in Article Three hereof, the Bank shall first withdraw funds on deposit in the BAB Subsidy Account prior to withdrawing the necessary balance from the Interest and Sinking Fund (or from any other available source from which such payments may be legally made) to make the debt service payments on the Bonds. Accordingly, since money (being the Subsidy Payments and investment earnings thereon) on deposit in the BAB Subsidy Account may only be utilized to pay a portion of the debt service requirements on the Bonds, such funds shall reduce the payment obligations related thereto and, as such, shall be taken into account as a direct offset to the payment of the maximum principal and/or interest, as applicable, on the Bonds for all purposes of the Ordinance.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 7.06. **Severability.** In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7.07. **Benefits of Agreement.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 7.08. **Entire Agreement.** This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 7.09. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. **Termination.** This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Obligations to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days' written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Obligations of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay, or otherwise adversely affect the payment of the Obligations.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Obligations, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement

Section 7.11. **Governing Law.** This Agreement shall be construed in accordance with and governed by the law of the State of Texas.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

REGIONS BANK, Houston, Texas

BY _____
Title:

Attest:

Address: 1717 St. James Place
Suite 500
Houston, Texas 77056

Title:

CITY OF AUSTIN, TEXAS

Attest:

BY _____
Lee Leffingwell, Mayor

Address: P. O. Box 1088
Austin, Texas 78767

Shirley A. Gentry, City Clerk

SCHEDULE A

Paying Agent/Registrar Fee Schedule

(See attached.)



Paying Agent, Registrar Services and Escrow Services for

City of Austin
Electric Utility System Revenue Refunding Bonds,
Series 2010 A&B

Schedule of Fees

Acceptance Fee:.....	Waived	
Administration Fee:	\$250	Annually in Advance
One-Time PAR Fee Option:	\$3,300	
Escrow Fee:	\$250	One-Time Fee
Filing Fee (Per BABs Series):	\$500	Annually (if selected)

The Acceptance Fee and the initial Administration Fee are payable at the closing of this transaction. Thereafter, the Administration Fee and any expenses will be billed on the anniversary date of the closing.

The above-mentioned Fees are basic charges and do not include out-of-pocket expenses, which will be billed in addition to the regular charges as required. Out-of-pocket expenses shall include, but are not limited to: telephone tolls, stationery, travel and postage expenses.

Charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be determined by appraisal in amounts commensurate with the service to be provided. Counsel fees, if ever retained as a result of default or other extraordinary occurrence on behalf of the bondholders or Regions will be billed at cost. Quote does not include legal fees for trustee counsel opinions.

Services not included in this Fee Schedule, but deemed necessary or desirable by you, may be subject to additional charges based on a mutually agreed upon fee schedule.

Our proposal is subject in all aspects to Region's review and acceptance of the final financing documents, which set forth our duties and responsibilities.

By: /s/ Mark Dault
Mark Dault
Vice President

Date: June 9, 2010

EXHIBIT D
CONTINUING DISCLOSURE REQUIREMENTS UNDER THE RULE
DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 22 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as shown (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. The information under the numbered tables.

Accounting Principles

The accounting principles referred to in such Section are the generally accepted accounting principles as applicable to governmental units as prescribed by The Government Accounting Standards Board.

EXHIBIT E
BOND PURCHASE AGREEMENTS

CITY OF AUSTIN, TEXAS
(A political subdivision of the State of Texas
located in Travis and Williamson Counties)

\$119,255,000
Electric Utility System
Revenue Refunding Bonds
Series 2010A

BOND PURCHASE AGREEMENT

June 10, 2010

Honorable Mayor and City Council
City of Austin, Texas
301 W. 2nd Street
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets Inc. (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*"), and not acting as fiduciary or agent for you, offers to enter into the following agreement (this "*Agreement*") with the City of Austin, Texas (the "*Issuer*"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Austin, Texas time, on June 10, 2010, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$119,255,000 Electric Utility System Revenue Refunding Bonds, Series 2010A (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacity as underwriters for their own accounts. The Representative represents that it has been duly authorized by the Underwriters to execute this Agreement and to act hereunder.

The principal amount of the Bonds to be issued, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds

shall be as described in, and shall be issued and secured under and pursuant to the provisions of Ordinance No. 010118-53A adopted by the Issuer on January 18, 2001 (the "*Master Ordinance*"), and a tenth supplemental ordinance to the Master Ordinance (Ordinance No. 20100610-049), including all appendices and exhibits thereto, adopted by the Issuer on June 10, 2010 (the "*Tenth Supplement*" and, together with the Master Ordinance, the "*Ordinance*").

The purchase price for the Bonds shall be \$126,251,424.57 (representing the par amount of the Bonds, plus a net reoffering premium of \$7,620,079.95 and less an underwriters' discount of \$623,655.38), plus accrued interest on the Bonds calculated on the basis of a 360-day year of twelve 30-day months from the dated date of the Bonds to the date of the Closing (as hereinafter defined).

Delivered to the Issuer herewith is the Representative's good-faith corporate check payable to the order of the Issuer in the amount of \$1,188,200.00 (the "*Check*"). In the event the Issuer does not accept this offer, the Check shall be promptly returned to the Representative. Upon the Issuer's acceptance and countersignature of this offer, the Check (i) shall not be cashed or negotiated but shall be held and retained in safekeeping by the Issuer as security for the performance by the Underwriters of their obligation, subject to the terms and conditions herein set forth, to purchase and accept delivery of the Bonds at the Closing, and (ii) shall be applied and disposed of by the Issuer solely as provided in this Agreement. In the event of the Underwriters' compliance with such obligation to purchase and accept delivery of the Bonds at the Closing, the Check shall be returned to the Representative at the Closing. In the event of the failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligation of the Underwriters contained in this Agreement, or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the Check shall be returned promptly to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase and accept delivery of the Bonds at the Closing, the Issuer shall become entitled to cash or negotiate the Check, and the proceeds thereof shall be retained by the Issuer as and for fully liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop or cause payment on the Check to be stopped unless the City has breached any of the terms of this Agreement.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth on the inside front cover of the Official Statement and, subsequently, may change such offering prices without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside front cover

of the Official Statement; provided that on or before the Closing, the Representative shall execute and deliver to Bond Counsel an issue price certificate for the of Bonds prepared by Bond Counsel (the “*Issue Price Certificate*”) which, with respect to the Bonds, will be in substantially the form attached hereto as Exhibit A.

3. **The Official Statement.**

(a) The Issuer previously has delivered, or caused to be delivered, to the Underwriters the Preliminary Official Statement dated June 2, 2010 (the “*Preliminary Official Statement*”) in a “designated electronic format,” as defined in the Municipal Securities Rulemaking Board’s (“*MSRB*”) Rule G-32 (“*Rule G-32*”). The Issuer will prepare a final Official Statement relating to the Bonds, which will be (i) dated the date of this Agreement, (ii) complete within the meaning of Rule 15c2-12, as amended (the “*Rule*”) promulgated by the United States Securities and Exchange Commission (the “*SEC*”), (iii) in a “designated electronic format” and (iv) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the “*Official Statement.*” Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities (which may be in electronic format) of the Preliminary Official Statement as the Representative deems necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the *Preliminary Official Statement*.

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement has been deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer’s acceptance of this Agreement (but, in any event, not later than within seven (7) business days after the Issuer’s acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) the Official Statement which is complete as of the date of its delivery to

the Underwriters. The Issuer shall provide the Official Statement, or cause the Official Statement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as they may from time to time reasonably request), and if, in the reasonable judgment of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Representative), either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York (“DTC”), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, in a “designated electronic format” consistent with the requirements of Rule G-32.

(e) The Representative hereby agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access (“EMMA”) system on or before the date of the Closing. Unless otherwise notified in writing by the Representative, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

4. **Representations, Warranties, and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a duly organized municipal corporation and a political subdivision of the State of Texas (the "*State*"), duly created, validly existing, and acting under the provisions of the Constitution and the laws of the State (including the Issuer's home rule charter); and the Issuer has full legal right, power and authority pursuant to the Constitution and the laws of the State, including particularly Chapter 1207, Texas Government Code, as amended (the "*Act*"), and its home rule charter, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver this Agreement, the Ordinance, the Continuing Disclosure Undertaking (as defined in Section 6(j)(2) hereof) and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (iii) to own and operate the Electric Utility System (the "*System*") and (iv) to carry out and consummate the transactions described in this Agreement, the Continuing Disclosure Undertaking, the Ordinance and the Official Statement; and the Issuer has complied, and will at the Closing be in compliance in all material respects with the terms of its home rule charter, applicable State law (including the Act), this Agreement and the Ordinance as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds, this Agreement, the Continuing Disclosure Undertaking and the Ordinance and (iii) the consummation by it of all other transactions described in the Official Statement, this Agreement, the Continuing Disclosure Undertaking and the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) This Agreement and the Ordinance constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights, and the exercise of judicial discretion in accordance with general principles of equity; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding limited obligations of the Issuer payable from and secured by a lien on and pledge of the Net Revenues of the System (as described in the Official Statement), entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting

the enforcement of creditors' rights, and the exercise of judicial discretion in accordance with general principles of equity; upon the issuance, authentication and delivery of the Bonds as aforesaid, the terms set forth in the Ordinance will be valid and binding upon the Issuer and the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Ordinance;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject; and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, this Agreement and the Continuing Disclosure Undertaking and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, law or administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject, or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under, this Agreement, the Continuing Disclosure Undertaking, the Ordinance and the Bonds have been duly obtained or will be obtained prior to the Closing;

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "SECURITY FOR THE BONDS" and "DESCRIPTION OF THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the captions "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS"; and the Continuing Disclosure Undertaking contained in the Ordinance conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) During the last five (5) years the Issuer has complied in all material respects with its previous Continuing Disclosure Undertakings made by it in accordance with the Rule;

(h) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge or collection of Net Revenues pledged to the payment of the principal of and interest on the Bonds pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds, this Agreement, the Continuing Disclosure Undertaking or the Ordinance, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Agreement or the Continuing Disclosure Undertaking, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, this Agreement, the Continuing Disclosure Undertaking or the Ordinance;

(i) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action which action or

omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(m) The Issuer, at the sole expense of the Underwriters, will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (1) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (2) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriters immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The Issuer's financial statements and the other information regarding the Issuer's financial condition and operations set forth in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth; and there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information;

(o) The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the Issuer's financial condition or operations;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (other than the Issuer's Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy - Build America Bonds), scheduled for delivery on approximately the same date as the Bonds) or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues which will secure the Bonds without the prior approval of the Representative, which approval shall not be unreasonably withheld;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein; and

(r) The Issuer covenants that between the date hereof and the date of the Closing it will take no action within its control which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. Closing.

(a) At 10:00 a.m., Austin, Texas time, on July 8, 2010, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, by wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Regions Bank, Houston, Texas (the "*Paying Agent/Registrar*"), or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through DTC. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, registered in the name of Cede & Co., all as provided in the Ordinance, and shall be made available to the Representative before Closing for the purpose of inspection.

6. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) this Agreement, the Continuing Disclosure Undertaking, the Ordinance and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Ordinance; and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds, this Agreement, the Continuing Disclosure Undertaking and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Ordinance shall have been duly adopted by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds;

(f) At or prior to the Closing, the municipal bond insurance policy insuring the Bonds maturing on November 15 in each of the years 2028 through 2029, inclusive (the "*Municipal Bond Insurance Policy*") issued by Assured Guaranty Municipal Corp. (the "*Bond Insurer*") shall have been duly executed, issued and delivered by the Bond Insurer;

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative, reasonably exercised, is material and adverse and that makes it, in such judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(j) At or prior to the Closing, the Representative shall have received one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) A copy of the Ordinance, which shall contain the undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "*Continuing Disclosure Undertaking*"), certified by the City Clerk as having been duly adopted by the Issuer and in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) The approving opinion of Fulbright & Jaworski L.L.P. ("*Bond Counsel*") with respect to the Bonds, in substantially the form attached to the Official Statement;

(4) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters, substantially to the effect that:

(i) the Ordinance has been duly adopted and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) the statements and information in the Official Statement under the captions and subcaptions "PLAN OF FINANCING," "SECURITY FOR THE BONDS," "DESCRIPTION OF THE BONDS," "REDEMPTION," "TAX MATTERS - SERIES 2010A BONDS," "TAX MATTERS - SERIES 2010B BONDS," "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subsection captioned "Compliance With Prior Undertakings"), "OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds," "OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER RELEVANT INFORMATION – Legal Opinions" (except for the last sentence of the first paragraph thereof) and in APPENDIX C and APPENDIX D accurately and fairly describe the provisions of the Bonds and the Ordinance and are correct as to matters of law;

(5) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act and the Ordinance need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the information regarding the Bond Insurer, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to the best of his or her knowledge, threatened in any court or administrative body which would (a) contest the right of the council members, officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) attempt to restrain or enjoin the issuance or delivery of the Bonds or the Issuer's operation of the System, or contest the validity, due authorization and execution of the Bonds or the approval, execution or delivery of this Agreement, the Continuing Disclosure Undertaking or the Ordinance or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting System revenues (or making payments on the Bonds) pursuant to the Ordinance or other income, or the assessment or collection of the Net Revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) all official action of the Issuer relating to the Official Statement, the Bonds, this Agreement, the Continuing Disclosure Undertaking and the Ordinance have been duly taken by the Issuer, are in full force and effect and have

not been modified, amended, supplemented or repealed; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2009, the latest date as of which audited financial information is available; and (vi) Deloitte & Touche, LLP, has consented to the inclusion in the Official Statement of certain excerpts of (or the complete) audited financial statements of the Issuer, and their report thereon, for the Issuer's fiscal year ended September 30, 2009;

(7) A certificate of the Issuer, dated the date of the Closing, of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(8) The approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(9) Evidence of ratings assigned to the Bonds maturing on November 15 in each of the years 2028 through 2029, inclusive of "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" by Moody's Investors Service, Inc. ("*Moody's*") (in reliance upon the issuance of the Municipal Bond Insurance Policy by the Bond Insurer) and ratings assigned to the Bonds maturing on May 15 in each of the years 2013 through 2015, inclusive, and November 15 in each of the years 2012 through 2027, inclusive, 2030 and 2040 of "A+" by S&P, "AA-" by Fitch Ratings, and "A1" by

Moody's, and that all such ratings are in effect as of the date of the Closing;

(10) A copy of the Municipal Bond Insurance Policy issued by the Bond Insurer together with an opinion of counsel to the Bond Insurer in form and substance satisfactory to the Representative;

(11) A certificate of the Bond Insurer with respect to the accuracy of statements contained in the Official Statement regarding the Municipal Bond Insurance Policy and the Bond Insurer and the due authorization, execution, issuance and delivery of the Municipal Bond Insurance Policy;

(12) A certificate of the paying agent for the Refunded Notes (or other evidence satisfactory to the Representative) to the effect that the funds and/or securities scheduled to be deposited with the paying agent will be set aside and held for the purpose of and will be sufficient to pay the remaining principal, premium, if any, and interest on the Refunded Notes from date of the Closing to the date of maturity or prior redemption; and

(13) Such additional legal opinions, certificates, instruments and other documents as are required by the Ordinance for the issuance thereunder of the Bonds or as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Check), 4 and 8 hereof shall continue in full force and effect.

The Representative, on behalf of the Underwriters, acknowledges that it has received a copy of the Tenth Supplement, which contains the Continuing Disclosure Undertaking, and that it has reviewed the Continuing Disclosure Undertaking as set forth therein.

7. **Termination.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole reasonable judgment of the Representative, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws (as amended and then in effect) or any rule or regulation promulgated thereunder;

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the

offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) there shall be in force a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by such exchange or by order of the SEC or any other governmental authority having jurisdiction;

(e) additional material restrictions upon trading in securities generally not in force as of the date hereof shall have been imposed by the New York Stock Exchange or by any other national securities exchange or any governmental authority having jurisdiction; or the New York Stock Exchange, any other national securities exchange or any governmental authority having jurisdiction, shall have imposed, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of Underwriters or broker-dealers;

(f) a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred which in the judgment of the Representative, reasonably exercised, would make the marketing of the Bonds generally impractical;

(g) a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(h) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessments or the collection of Net Revenues of the System to pay the Issuer's obligations secured by and payable from the Net Revenues of the System (including principal of and interest on the Bonds);

(i) any fact or event shall exist or have existed, or information shall become known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) there shall have occurred since the date of this Agreement any materially adverse change in the operations or financial condition of the Issuer;

(k) the United States shall have either become engaged in hostilities that did not exist prior to the date hereof or issued a declaration of war or a national emergency, or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(l) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(m) there shall have occurred any downgrading, or any published notice shall have been given of (i) any intended or potential downgrading or (ii) any review, possible negative change or possible change that does not indicate the direction of a possible change, in the rating accorded any of the Issuer's obligations that are secured in a like manner as the Bonds (including the Bonds) or the rating of the Bond Insurer (as the same affects the enhanced rating on the Bonds); and

(n) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, and such prohibition is not the result of the Underwriters' action or non-action; the Underwriters are not aware of any current, pending or proposed law or governmental inquiry or investigations as of the date hereof which would permit the Underwriters to invoke their termination rights hereunder.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other attorneys, engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings and municipal bond insurance, if any; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar and the paying agents, if any, for the Refunded Notes; (vii) publication expenses, if any, in connection with the redemption of the Refunded Notes; (viii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (ix) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and officials of the Issuer; (x) the Attorney General's review fee; and (xi) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Austin, Texas, 700 Lavaca, Suite 1510, Austin, Texas 78701, Attention: Treasurer; and, any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Citigroup Global Markets, Inc., 2000 W. Sam Houston Parkway South, Suite 600, Houston, Texas 77042, Attention: Anderson Bynam.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "business day" means any day on which (a) the New York Stock Exchange is open for trading and (b) the payment system of the Federal Reserve System is operational.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings

are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Execution Page Follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

CITIGROUP GLOBAL MARKETS INC.,
as Representative of the Underwriters

By: _____
Name: _____
Title: _____

ACCEPTED at _____ [a.m./p.m.] central time this _____ day of _____, 2010.

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

Schedule I - List of Underwriters
Schedule II - Schedule of Terms

Execution Page

City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2010A

SCHEDULE I

List of Underwriters

Citigroup Global Markets LLC

Barclays Capital Inc.

Cabrera Capital Markets, LLC

Morgan Keegan & Company, Inc.

Morgan Stanley & Co. Incorporated

Rice Financial Products Company

Siebert Brandford Shank & Co., LLC

Southwest Securities, Inc.

SCHEDULE II

**\$119,255,000
City of Austin, Texas
Electric Utility System
Revenue Refunding Bonds
Series 2010A**

Interest Accrues From: June 1, 2010

\$104,620,000 Serial Bonds^(a)

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield^(b)</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield^(b)</u>
11/15/2012	\$2,820,000	2.000%	1.100%	11/15/2021	\$720,000	4.000%	3.690% ^(c)
05/15/2013	1,985,000	3.000%	1.400%	11/15/2022	6,610,000	5.000%	3.860% ^(c)
11/15/2013	2,875,000	5.000%	1.430%	11/15/2023	6,935,000	5.000%	3.970% ^(c)
05/15/2014	1,500,000	3.000%	1.800%	11/15/2024	7,370,000	5.000%	4.070% ^(c)
11/15/2014	3,020,000	5.000%	1.830%	11/15/2025	2,210,000	4.000%	4.190%
05/15/2015	2,000,000	4.000%	2.200%	11/15/2025	5,585,000	5.000%	4.190% ^(c)
11/15/2015	3,170,000	5.000%	2.230%	11/15/2026	8,200,000	5.000%	4.260% ^(c)
11/15/2016	3,330,000	4.000%	2.650%	11/15/2027	8,735,000	5.000%	4.330% ^(c)
11/15/2017	3,465,000	5.000%	2.950%	11/15/2028	9,160,000	5.000%	4.320% ^(c)
11/15/2018	3,635,000	5.000%	3.150%	11/15/2029	9,700,000	5.000%	4.370% ^(c)
11/15/2019	670,000	4.000%	3.380%	11/15/2030	1,750,000	4.375%	4.490%
11/15/2020	695,000	4.000%	3.560%	11/15/2030	8,480,000	5.000%	4.490% ^(c)

\$14,635,000 5.000% Term Bonds, Due November 15, 2040, Yield 4.750%^{(a) (b) (c) (d)}

(a) The Issuer reserves the right, at its option, to redeem Bonds at any time on the terms set forth in the Official Statement under the caption "DESCRIPTION OF THE BONDS – Optional Redemption."

(b) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time.

(c) Priced to November 15, 2020, call date at 100%.

(d) The Term Bonds scheduled to mature on November 15, 2040 are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the following schedule:

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 15, 2031	\$1,165,000
November 15, 2032	1,220,000
November 15, 2033	1,285,000
November 15, 2034	1,345,000
November 15, 2035	1,410,000
November 15, 2036	1,485,000
November 15, 2037	1,560,000
November 15, 2038	1,640,000
November 15, 2039	1,720,000
November 15, 2040*	1,805,000

* Stated maturity.

EXHIBIT A
ISSUE PRICE CERTIFICATE
CERTIFICATE OF UNDERWRITER

The undersigned hereby certifies as follows with respect to the sale and delivery of \$119,255,000 City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2010A (the "Bonds"):

1. The undersigned is the senior manager of a group that purchased the Bonds from the City of Austin, Texas (the "Issuer") by negotiated sale.

2. The undersigned and/or one or more members of the underwriting syndicate, if any, has made a bona fide offering of the Bonds of each maturity to the public at the initial offering prices set forth in the Issuer's Official Statement with respect to the Bonds, dated June 10, 2010 (the "Official Statement").

3. The initial offering price (expressed as a dollar amount, yield percentage, or percentage of principal amount and exclusive of accrued interest) at which a substantial amount (at least 10%) of the Bonds of each maturity was sold to the public (as defined in paragraph 4) is as set forth on the page iii of the Official Statement.

4. The term "public", as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

5. The undersigned believes that the offering prices of the Bonds, as set forth on page iii of the Official Statement, did not exceed the fair market value of the Bonds as of the sale date, based on then prevailing market conditions.

6. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986 on the exclusion of interest on the Bonds from the gross income of their owners.

EXECUTED and DELIVERED this _____.

CITIGROUP GLOBAL MARKETS LLC

By: _____
Title: _____

CITY OF AUSTIN, TEXAS
(A political subdivision of the State of Texas
located in Travis and Williamson Counties)

\$100,990,000
Electric Utility System
Revenue Refunding Bonds
Taxable Series 2010B
(Direct Subsidy - Build America Bonds)

BOND PURCHASE AGREEMENT

June 10, 2010

Honorable Mayor and City Council
City of Austin, Texas
301 W. 2nd Street
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets Inc. (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*"), and not acting as fiduciary or agent for you, offers to enter into the following agreement (this "*Agreement*") with the City of Austin, Texas (the "*Issuer*"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Austin, Texas time, on June 10, 2010, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$100,990,000 Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy - Build America Bonds) (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacity as underwriters for their own accounts. The Representative represents that it has been duly authorized by the Underwriters to execute this Agreement and to act hereunder.

The principal amount of the Bonds to be issued, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of Ordinance No. 010118-53A adopted by the Issuer on January 18, 2001 (the "*Master Ordinance*"), and a tenth supplemental ordinance to the Master Ordinance (Ordinance No. 20100610-049), including all appendices and exhibits thereto, adopted by the Issuer on June 10, 2010 (the "*Tenth Supplement*" and, together with the Master Ordinance, the "*Ordinance*").

The purchase price for the Bonds shall be \$100,300,825.82 (representing the par amount of the Bonds, less an original issue discount of \$59,080.80 and less an underwriters' discount of \$630,093.38), plus accrued interest on the Bonds calculated on the basis of a 360-day year of twelve 30-day months from the dated date of the Bonds to the date of the Closing (as hereinafter defined).

Delivered to the Issuer herewith is the Representative's good-faith corporate check payable to the order of the Issuer in the amount of \$1,012,000.00 (the "*Check*"). In the event the Issuer does not accept this offer, the Check shall be promptly returned to the Representative. Upon the Issuer's acceptance and countersignature of this offer, the Check (i) shall not be cashed or negotiated but shall be held and retained in safekeeping by the Issuer as security for the performance by the Underwriters of their obligation, subject to the terms and conditions herein set forth, to purchase and accept delivery of the Bonds at the Closing, and (ii) shall be applied and disposed of by the Issuer solely as provided in this Agreement. In the event of the Underwriters' compliance with such obligation to purchase and accept delivery of the Bonds at the Closing, the Check shall be returned to the Representative at the Closing. In the event of the failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligation of the Underwriters contained in this Agreement, or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the Check shall be returned promptly to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase and accept delivery of the Bonds at the Closing, the Issuer shall become entitled to cash or negotiate the Check, and the proceeds thereof shall be retained by the Issuer as and for fully liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop or cause payment on the Check to be stopped unless the City has breached any of the terms of this Agreement.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the inside front cover page of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriters may not sell

any bonds to their affiliates or other members of the underwriting syndicate (or their affiliates) without disclosure to the Issuer and without the prior consent of the Issuer; but may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trust, but excluding the Underwriters and their affiliates), and others at prices lower than the public offering price set forth on the inside front cover page of the Official Statement.

The Underwriters acknowledge that they have been informed that the Issuer will irrevocably elect to treat the Bonds as **build America bonds under section 54AA** of the Internal Revenue Code of 1986, as amended (the “Code”). The Underwriters have been advised that because of such treatment, the costs of issuing the Bonds, including the compensation paid to the Underwriters, cannot exceed costs of issuing the Bonds, including the compensation paid to the Underwriters, cannot exceed 2% of the sale proceeds of the Bonds and the Bonds cannot be issued at more than a de minimus amount (0.25% for each complete year to stated maturity or earlier optional call date) of premium. The difference in the price of Bonds sold to dealers and the price such dealers resell the Bonds may be taken into account for the purpose of calculating these limitations. Accordingly, the Underwriters further acknowledge that the costs of issuing the bonds and the de minimus premium (described above) will be determined in reliance on a properly executed issue price certificate (the “Issue Price Certificate”) in substantially the form attached hereto as Exhibit A executed by the Underwriters and delivered to Fulbright & Jaworski L.L.P., Austin and Dallas, Texas (“Bond Counsel”). The Underwriters understand that the statements made in the Issue Price Certificate will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Code, and by Bond Counsel in rendering its opinion to the Issuer that the Bonds are **build America bonds**. Accordingly, the Underwriters acknowledge that should any of the representations set forth in the Issue Price Certificate for the Bonds begin inaccurate or incomplete, such deficiency may result in the Issuer’s being unable to claim the refundable tax credit; and if such failure is determined prior to the Closing, the Issuer may at its opinion terminate this Agreement and pursue any remedy available at law. This representation shall survive the initial distribution of the Bonds.

3. *The Official Statement.*

(a) The Issuer previously has delivered, or caused to be delivered, to the Underwriters the Preliminary Official Statement dated June 2, 2010 (the “*Preliminary Official Statement*”) in a “designated electronic format,” as defined in the Municipal Securities Rulemaking Board’s (“MSRB”) Rule G-32 (“*Rule G-32*”). The Issuer will prepare a final Official Statement relating to the Bonds, which will be (i) dated the date of this Agreement, (ii) complete within the meaning of Rule 15c2-12, as amended (the “*Rule*”) promulgated by the United States Securities and Exchange Commission (the “SEC”), (iii) in a “designated electronic format” and (iv) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all

amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the “*Official Statement*.” Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities (which may be in electronic format) of the Preliminary Official Statement as the Representative deems necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement has been deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer’s acceptance of this Agreement (but, in any event, not later than within seven (7) business days after the Issuer’s acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) the Official Statement which is complete as of the date of its delivery to the Underwriters. The Issuer shall provide the Official Statement, or cause the Official Statement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as they may from time to time reasonably

request), and if, in the reasonable judgment of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, in a "designated electronic format" consistent with the requirements of Rule G-32.

(e) The Representative hereby agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access ("EMMA") system on or before the date of the Closing. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. **Representations, Warranties, and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a duly organized municipal corporation and a political subdivision of the State of Texas (the "State"), duly created, validly existing, and acting under the provisions of the Constitution and the laws of the State (including the Issuer's home rule charter); and the Issuer has full legal right, power and authority pursuant to the Constitution and the laws of the State, including particularly Chapter 1207, Texas Government Code, as amended (the "Act"), and its home rule charter, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver this Agreement, the Ordinance, the Continuing Disclosure Undertaking (as defined in Section 6(i)(2) hereof) and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, (iii) to own and operate the Electric Utility System (the "System") and (iv) to carry out and consummate the transactions described in this Agreement, the Continuing Disclosure Undertaking, the Ordinance and the Official Statement; and the Issuer has complied, and will at the Closing be in compliance in all material respects with the terms of its home rule

charter, applicable State law (including the Act), this Agreement and the Ordinance as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds, this Agreement, the Continuing Disclosure Undertaking and the Ordinance and (iii) the consummation by it of all other transactions described in the Official Statement, this Agreement, the Continuing Disclosure Undertaking and the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) This Agreement and the Ordinance constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights, and the exercise of judicial discretion in accordance with general principles of equity; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding limited obligations of the Issuer payable from and secured by a lien on and pledge of the Net Revenues of the System (as described in the Official Statement), entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights, and the exercise of judicial discretion in accordance with general principles of equity; upon the issuance, authentication and delivery of the Bonds as aforesaid, the terms set forth in the Ordinance will be valid and binding upon the Issuer and the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Ordinance;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject; and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, this Agreement and the Continuing Disclosure Undertaking and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, law or administrative regulation,

judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject, or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under, this Agreement, the Continuing Disclosure Undertaking, the Ordinance and the Bonds have been duly obtained or will be obtained prior to the Closing;

(f) The Bonds and the Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "SECURITY FOR THE BONDS" and "DESCRIPTION OF THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the captions "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS"; and the Continuing Disclosure Undertaking contained in the Ordinance conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) During the last five (5) years the Issuer has complied in all material respects with its previous Continuing Disclosure Undertakings made by it in accordance with the Rule;

(h) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge or collection of Net Revenues pledged to the payment of the principal of and interest on the Bonds pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds, this Agreement, the Continuing Disclosure Undertaking or the Ordinance, or contesting the eligibility of the Issuer to designate the Bonds as "Build America Bonds" or to apply for and receive a federal rebate in respect of such designation of the Bonds, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Agreement or the Continuing Disclosure Undertaking, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, this Agreement, the Continuing Disclosure Undertaking or the Ordinance;

(i) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance;

(m) The Issuer, at the sole expense of the Underwriters, will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (1) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (2) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriters immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The Issuer's financial statements and the other information regarding the Issuer's financial condition and operations set forth in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth; and there has

been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information;

(o) The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the Issuer's financial condition or operations;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (other than the Issuer's Electric Utility System Revenue Refunding Bonds, Series 2010A, scheduled for delivery on approximately the same date as the Bonds) or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues which will secure the Bonds without the prior approval of the Representative;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein; and

(r) The Issuer covenants that between the date hereof and the date of the Closing it will take no action within its control which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. Closing.

(a) At 10:00 a.m., Austin, Texas time, on July 8, 2010, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, by wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Regions Bank, Houston, Texas (the "*Paying Agent/Registrar*"), or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through DTC. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, registered in the name of Cede & Co., all as

provided in the Ordinance, and shall be made available to the Representative before Closing for the purpose of inspection.

6. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) this Agreement, the Continuing Disclosure Undertaking, the Ordinance and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Ordinance; and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds, this Agreement, the Continuing Disclosure Undertaking and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Ordinance shall have been duly adopted by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition,

financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative, reasonably exercised, is material and adverse and that makes it, in such judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(g) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(i) At or prior to the Closing, the Representative shall have received one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) A copy of the Ordinance, which shall contain the undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "*Continuing Disclosure Undertaking*"), certified by the City Clerk as having been duly adopted by the Issuer and in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) The approving opinion of Fulbright & Jaworski L.L.P. ("*Bond Counsel*") with respect to the Bonds, in substantially the form attached to the Official Statement;

(4) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters, substantially to the effect that:

(i) the Ordinance has been duly adopted and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(iii) the statements and information in the Official Statement under the captions and subcaptions "PLAN OF FINANCING," "SECURITY FOR THE BONDS,"

“DESCRIPTION OF THE BONDS,” “REDEMPTION,” “TAX MATTERS - SERIES 2010A BONDS,” “TAX MATTERS - SERIES 2010B BONDS,” “CONTINUING DISCLOSURE OF INFORMATION” (except for information under the subsection captioned “Compliance With Prior Undertakings”), “OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds,” “OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and “OTHER RELEVANT INFORMATION – Legal Opinions” (except for the last sentence of the first paragraph thereof) and in APPENDIX C and APPENDIX D accurately and fairly describe the provisions of the Bonds and the Ordinance and are correct as to matters of law;

(5) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act and the Ordinance need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to the best of his or her knowledge, threatened in any court or administrative body which would (a) contest the right of the council members, officers or officials of the Issuer to hold and exercise their respective positions, (b)

contest the due organization and valid existence of the Issuer, (c) attempt to restrain or enjoin the issuance or delivery of the Bonds or the Issuer's operation of the System, or contest the validity, due authorization and execution of the Bonds or the approval, execution or delivery of this Agreement, the Continuing Disclosure Undertaking or the Ordinance, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting System revenues (or making payments on the Bonds) pursuant to the Ordinance or other income, or the assessment or collection of the Net Revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) all official action of the Issuer relating to the Official Statement, the Bonds, this Agreement, the Continuing Disclosure Undertaking and the Ordinance have been duly taken by the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2009, the latest date as of which audited financial information is available; and (vi) Deloitte & Touche, LLP, has consented to the inclusion in the Official Statement of certain excerpts of (or the complete) audited financial statements of the Issuer, and their report thereon, for the Issuer's fiscal year ended September 30, 2009;

(7) The approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(8) Evidence of ratings assigned to the Bonds of "A+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, "AA-" by Fitch Ratings, and "A1" by Moody's Investors Service, Inc., and that such ratings are in effect as of the date of the Closing;

(9) A certificate of the paying agent for the Refunded Notes (or other evidence satisfactory to the Representative) to the effect that the funds and/or securities scheduled to be deposited with the paying agent will be set aside and held for the purpose of and will be sufficient to pay

the remaining principal, premium, if any, and interest on the Refunded Notes from date of the Closing to the date of maturity or prior redemption; and

(10) Such additional legal opinions, certificates, instruments and other documents as are required by the Ordinance for the issuance thereunder of the Bonds or as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Check), 4 and 8 hereof shall continue in full force and effect.

The Representative, on behalf of the Underwriters, acknowledges that it has received a copy of the Tenth Supplement, which contains the Continuing Disclosure Undertaking, and that it has reviewed the Continuing Disclosure Undertaking as set forth therein.

7. ***Termination.*** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole reasonable judgment of the Representative, by the occurrence of any of the following:

(a) [Reserved];

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect

that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws (as amended and then in effect) or any rule or regulation promulgated thereunder;

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) there shall be in force a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by such exchange or by order of the SEC or any other governmental authority having jurisdiction;

(e) additional material restrictions upon trading in securities generally not in force as of the date hereof shall have been imposed by the New York Stock Exchange or by any other national securities exchange or any governmental authority having jurisdiction; or the New York Stock Exchange, any other national securities exchange or any governmental authority having jurisdiction, shall have imposed, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of Underwriters or broker-dealers;

(f) a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred which in the judgment of the Representative, reasonably exercised, would make the marketing of the Bonds generally impractical;

(g) a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(h) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessments or the collection of Net Revenues of the System to pay the Issuer's obligations

secured by and payable from the Net Revenues of the System (including principal of and interest on the Bonds);

(i) any fact or event shall exist or have existed, or information shall become known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) there shall have occurred since the date of this Agreement any materially adverse change in the operations or financial condition of the Issuer;

(k) the United States shall have either become engaged in hostilities that did not exist prior to the date hereof or issued a declaration of war or a national emergency, or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(l) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(m) there shall have occurred any downgrading, or any published notice shall have been given of (i) any intended or potential downgrading or (ii) any review, possible negative change or possible change that does not indicate the direction of a possible change, in the rating accorded any of the Issuer's obligations that are secured in a like manner as the Bonds (including the Bonds); and

(n) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, and such prohibition is not the result of the Underwriters' action or non-action; the Underwriters are not aware of any current, pending or proposed law or governmental inquiry or investigations as of the date hereof which would permit the Underwriters to invoke their termination rights hereunder.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other attorneys, engineers, accountants, and other experts, consultants or advisers retained by the

Issuer; (iv) the fees for bond ratings and municipal bond insurance, if any; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar and the paying agents, if any, for the Refunded Notes; (vii) publication expenses, if any, in connection with the redemption of the Refunded Notes; (viii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (ix) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and officials of the Issuer; (x) the Attorney General's review fee; and (xi) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Austin, Texas, 700 Lavaca, Suite 1510, Austin, Texas 78701, Attention: Treasurer; and, any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Citigroup Global Markets, Inc., 2000 W. Sam Houston Parkway South, Suite 600, Houston, Texas 77042, Attention: Anderson Bynam.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any

provision or provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Agreement, “business day” means any day on which (a) the New York Stock Exchange is open for trading and (b) the payment system of the Federal Reserve System is operational.

15. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Execution Page Follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

CITIGROUP GLOBAL MARKETS INC.,
as Representative of the Underwriters

By: _____
Name: _____
Title: _____

ACCEPTED at _____ [a.m./p.m.] central time this _____ day of _____, 2010.

CITY OF AUSTIN, TEXAS

By: _____
Name: _____
Title: _____

Schedule I - List of Underwriters
Schedule II - Schedule of Terms

Execution Page
City of Austin, Texas, Electric Utility System Revenue Refunding Bonds
Taxable Series 2010B (Direct Subsidy - Build America Bonds)

SCHEDULE I

List of Underwriters

Citigroup Global Markets LLC

Barclays Capital Inc.

Cabrera Capital Markets, LLC

Morgan Keegan & Company, Inc.

Morgan Stanley & Co. Incorporated

Rice Financial Products Company

Siebert Brandford Shank & Co., LLC

Southwest Securities, Inc.

SCHEDULE II

**\$100,990,000
City of Austin, Texas
Electric Utility System
Revenue Refunding Bonds
Taxable Series 2010B (Build America Bonds)**

Interest Accrues From: June 1, 2010

\$6,395,000 4.536% Term Bonds, Due November 15, 2020, Yield 4.536%^{(a) (b) (c)}

\$17,840,000 5.086% Term Bonds, Due November 15, 2025, Yield 5.086%^{(a) (b) (c)}

\$21,120,000 5.570% Term Bonds, Due November 15, 2030, Yield 5.575%^{(a) (b) (c)}

\$55,635,000 5.720% Term Bonds, Due November 15, 2040, Yield 5.725%^{(a) (b) (c)}

(a) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time.

(b) The Issuer reserves the right, at its option, to redeem Bonds at any time on the terms set forth in the Official Statement under the caption "DESCRIPTION OF THE BONDS – Optional Redemption."

(c) The Term Bonds scheduled to mature on November 15 in the years 2020, 2025, 2030 and 2040 are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the following schedule:

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>	<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>	<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 15, 2019	\$3,150,000	November 15, 2021	\$3,340,000	November 15, 2026	\$3,930,000
November 15, 2020*	3,245,000	November 15, 2022	3,450,000	November 15, 2027	4,070,000
		November 15, 2023	3,565,000	November 15, 2028	4,220,000
		November 15, 2024	3,680,000	November 15, 2029	4,370,000
		November 15, 2025*	3,805,000	November 15, 2030*	4,530,000

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 15, 2031	\$4,695,000
November 15, 2032	4,870,000
November 15, 2033	5,050,000
November 15, 2034	5,240,000
November 15, 2035	5,435,000
November 15, 2036	5,635,000
November 15, 2037	5,845,000
November 15, 2038	6,060,000
November 15, 2039	6,285,000
November 15, 2040*	6,520,000

* Stated maturity.

EXHIBIT A
ISSUE PRICE CERTIFICATE
CERTIFICATE OF UNDERWRITER

The undersigned hereby certifies as follows with respect to the sale and delivery of \$100,990,000 City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy-Build America Bonds) (the "Bonds"):

1. The undersigned is the senior manager of a group that purchased the Bonds from the City of Austin, Texas (the "Issuer") by negotiated sale.

2. The undersigned and/or one or more members of the underwriting syndicate, if any, has made a bona fide offering of the Bonds of each maturity to the public at the initial offering prices set forth in the Issuer's Official Statement with respect to the Bonds, dated June 10, 2010 (the "Official Statement").

3. The initial offering price (expressed as a dollar amount, yield percentage, or percentage of principal amount and exclusive of accrued interest) at which a substantial amount (at least 10%) of the Bonds of each maturity was sold to the public (as defined in paragraph 4) is as set forth on the page iii of the Official Statement.

4. The term "public", as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

5. The undersigned believes that the offering prices of the Bonds, as set forth on page iii of the Official Statement, did not exceed the fair market value of the Bonds as of the sale date, based on then prevailing market conditions.

6. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, and by Bond Counsel in rendering their legal opinion concerning the qualification of the Bonds as build America bonds and qualified bonds.

EXECUTED and DELIVERED this _____.

CITIGROUP GLOBAL MARKETS LLC

By: _____
Title: _____

EXHIBIT F
SPECIAL ESCROW AGREEMENT

SPECIAL ESCROW AGREEMENT

THIS SPECIAL ESCROW AGREEMENT (the "Agreement"), dated and made effective as of June 10, 2010, made by and between the City of Austin, Texas, a duly incorporated municipal corporation principally located in Travis County, Texas (the "City"), and Regions Bank, Houston, Texas (the "Bank"), a banking corporation organized and existing under the laws of the United States of America, or its successors or assigns hereunder,

WITNESSETH:

WHEREAS, the City Council of the City of Austin, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding, obligations totaling in principal amount \$74,390,000 (hereinafter collectively referred to as the "Refunded Obligations") of the following issues or series, to wit:

(1) City of Austin, Texas, Combined Utility Systems Revenue Refunding Bonds, Series 1993, dated January 15, 1993, representing a portion of such bonds scheduled to mature on May 15, 2014, and aggregating in principal amount of \$5,190,000 (the "Series 1993 Refunded Bonds"); and

(2) City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2001, dated January 1, 2001, scheduled to mature on November 15, 2023 and November 15, 2030, and aggregating in principal amount \$69,200,000 ("Series 2001 Refunded Bonds"); and

AND WHEREAS, in accordance with the provisions of V.T.C.A., Government Code, Chapter 1207, as amended (the "Act") and the ordinance authorizing the issuance of the Refunded Bonds, the City is authorized to sell refunding bonds and deposit the proceeds of such refunding bonds with the place of payment for such obligations, or other authorized depository, in an amount sufficient to provide for the full payment thereof and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only in (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally

guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (hereinafter referred to as the "Governmental Securities") that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Refunded Bonds; and

WHEREAS, the ordinance authorizing the Series 1993 Refunded Bonds restrict the escrowed securities eligible for deposit to direct obligations of the United States of America, including obligations the principal of and interest on are unconditionally guaranteed by the United States of America (the "Federal Securities"); and

WHEREAS, such deposit, if made on or before the payment date for such obligations, shall constitute the making of firm banking and financial arrangements for their discharge and final payment and such obligations shall cease to be outstanding obligations of the City for all purposes except for being paid from the deposit of funds placed in escrow; and

WHEREAS, the Refunded Bonds are scheduled to mature and interest thereon is payable on the dates and in the manner set forth in Exhibit A attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on the 10th day of June, 2010, pursuant to an ordinance (the "Ordinance") finally passed and adopted by the City Council, authorized the issuance of bonds known as "City of Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2010A" (the "Bonds") being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Bonds; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale, together with other available funds of the District to be deposited with the Bank, are to be used in part to purchase the Governmental Securities and Federal Securities listed and identified in Exhibit B attached hereto and incorporated herein by reference as a part of this Agreement for all purposes (together with substituted securities

therefor in accordance with the provisions of Section 11 hereof hereinafter referred to as the "Escrowed Securities"); and

WHEREAS, the Escrowed Securities, together with the beginning cash balance in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of monies sufficient to pay in full the aggregate amount of the Refunded Bonds in accordance with the terms of the ordinances pertaining to issuance of the Refunded Bonds and as set forth in Exhibit A attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Escrowed Securities listed in Exhibit B and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Bank is a banking corporation organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement and the Bank does not act as a depository of the City; and

WHEREAS, in Section 26 of the Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Bank, as the case may be, shall take all action necessary to pay the full aggregate amount of the Refunded Bonds in accordance with the provisions thereof, including, without limitation, all actions required by the ordinances pertaining to the Refunded Bonds, the Act, the Ordinance, and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the Refunded Bonds as provided in Exhibit A attached hereto, the City and the Bank hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Refunded Ordinances. Receipt of copies of the ordinances authorizing the issuance of the Refunded Bonds and the Bond Ordinance are hereby acknowledged by the Bank. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Bank a special segregated and irrevocable trust fund

designated "SPECIAL 2010A CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS ESCROW FUND" (hereinafter called the "Escrow Fund") for the payment of the Refunded Bonds, and the City agrees and covenants to cause to be deposited with the Bank the following:

- \$76,150,382.00 for the purchase of the Escrowed Securities identified in Exhibit B to be held for the account of the Escrow Fund;
- \$ 0.70 for deposit in the Escrow Fund as a beginning cash balance.

The Bank hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Escrowed Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided for in this Agreement.

SECTION 3: Escrow Fund Sufficiency-Warranty. The City hereby represents that the cash and Escrowed Securities specified in Section 2 hereof, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay in full and in a timely manner the Refunded Bonds as shown in Exhibit A, and such Refunded Bonds shall be paid at the times and in the amounts set forth and identified in Exhibit A attached hereto.

SECTION 4: Pledge of Escrow. The Bank agrees that all cash and Escrowed Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds in the amounts and timely manner shown in Exhibit A, and such funds initially deposited and to be received from maturing principal and interest on the Escrowed Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency-City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in Exhibit A attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Bank to the City by the fastest means possible, but the Bank shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Bank shall hold said Escrowed Securities and moneys in the Escrow Fund at all times as a

special and separate trust fund, wholly segregated from other moneys and securities on deposit with the Bank; shall never commingle said Escrowed Securities and moneys with other moneys or securities of the Bank; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Bank to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Escrowed Securities, shall always be maintained on deposit in the Escrow Fund by the Bank, as escrow agent; and a special account evidencing such facts shall at all times be maintained on the books of the Bank.

SECTION 7: Escrow Fund Collections/Payments. The Bank shall collect and receive the principal of and interest on the Escrowed Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date for the Refunded Bonds shown in Exhibit A attached hereto, the Bank, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amounts required to pay the accrued interest due and payable on said payment date on the Refunded Bonds and the principal of the Refunded Bonds due and payable on said payment date and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Bonds to be paid with such amount. The paying agent for the Series 1993 Refunded Bonds is The Bank of New York Mellon Trust Company, N.A., and the paying agent for the Series 2001 Refunded Bonds is UMB Bank, N.A., St. Louis, Missouri.

SECTION 8: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and an express lien shall exist on all moneys and Escrowed Securities in the Escrow Fund as security for the payment of the Refunded Bonds until such funds are paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Bonds, all funds and the Escrowed Securities received by the Bank for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Bonds shall be entitled to a preferred claim and shall have a first lien upon such funds and Escrowed Securities enjoyed by a trust beneficiary. The funds and Escrowed Securities received by the Bank under this Agreement shall not be considered as a banking deposit by the City and the Bank and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Escrowed Securities shall not be subject to checks or drafts drawn by the City.

SECTION 9: Absence of Bank Claim/Lien on Escrow Fund. The Bank shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as Paying Agent for the Refunded Bonds, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 10: Substitution of Investments/Reinvestments.

(a) The Bank shall be authorized to accept initially and temporarily cash and/or substituted Escrowed Securities pending the delivery of the Escrowed Securities attached hereto, or shall be authorized to redeem the Escrowed Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in Escrowed Securities provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Bonds appearing in Exhibit A and the Bank receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Escrowed Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Escrowed Securities and the reinvestment of such funds in one or more substituted Governmental Securities or Federal Securities, as applicable, together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient without reinvestment to pay, as the same become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Bonds which have not previously been paid, and

(2) with respect to an early redemption of Escrowed Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (i) such investment will not cause interest on the Bonds or Refunded Bonds to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Bonds subject to Federal income taxation and (ii) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Bonds and the Bonds.

(b) If on the dates and in the amounts shown in Exhibit C attached hereto there exists cash in the Escrow Fund, the Bank and the City agree at least fifteen (15) days prior to such date, to subscribe for the purchase of United States Treasury Securities - State and Local Government Series (SLGS) bearing zero interest (0%) and on such date, in the amount and scheduled to mature as provided in Exhibit C and subscription forms prepared therefor as may be then required by the United States Department of the Treasury; provided that the then existing rules and regulations and policy of United States Department of the Treasury permit and authorize such investments. Should the policy, rules and regulations of the United States Department of Treasury not permit or authorize the purchase of such SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Bonds and used for the payment of the Refunded Bonds on the dates and in the amount such moneys would have been expended had such SLGS been acquired and matured.

SECTION 11: Restriction on Escrow Fund Investments – Reinvestments. Except as provided in Section 10 hereof, moneys in the Escrow Fund will be invested only in the Escrowed Securities listed in Exhibit B, and neither the City nor the Bank shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 12: Excess Funds. If at any time through redemption or cancellation of the Refunded Bonds there exists or will exist excesses of interest on or maturing principal of the Escrowed Securities in excess of the amounts necessary hereunder for the Refunded Bonds, the Bank may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Bank the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon, and other available monies then held in the Escrow Fund, will be sufficient to pay, as the same become due and without reinvestment, in accordance with Exhibit A, the principal of, and interest on, the Refunded Bonds which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or

otherwise make the interest on the Bonds or the Refunded Bonds subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Bonds or the Bonds.

SECTION 13: Collateralization. The Bank shall continuously secure the monies in the Escrow Fund not invested in Escrowed Securities by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said uninvested monies to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 14: Absence of Bank's Liability for Investments. The Bank shall not be liable or responsible for any loss resulting from any investment made in the Escrowed Securities or substitute securities as provided in Section 10 hereof.

SECTION 15: Bank's Compensation – Escrow Administration/Settlement of Paying Agent's Charges. The City agrees to pay the Bank for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of \$250.00 and, except for reimbursement of costs and expenses incurred by the Bank pursuant to Sections 3 and 19 hereof, the Bank hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Bank on the effective date of this Agreement, the sum of \$ _____, which represents the total charge due the paying agents for the Refunded Bonds and the City acknowledges and agrees that \$600.00 of such amount is and represents the total amount of compensation due The Bank of New York Mellon Trust Company, N.A. for services rendered as paying agent for the Series 1993 Refunded Bonds and \$ _____ of such amount is and represents the total amount of compensation due UMB Bank, N.A. for services rendered as paying agent for the Series 2001 Refunded Bonds. Furthermore, the Bank agrees to transmit to the paying agents for the Refunded Bonds the amounts included in such deposit for paying agent services to be rendered for the Refunded Bonds in accordance with the City's instructions.

SECTION 16: Escrow Agent's Duties/Responsibilities/Liability. The Bank shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Bank shall be entitled to rely upon a

certificate signed on behalf of the City by its Mayor or City Manager of the City as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the City Clerk under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts.

The Bank shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bank not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Bonds have concurred in any such direction, Refunded Bonds owned by any obligor upon the Refunded Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Bank shall be protected in relying on any such direction only Refunded Bonds which the Bank knows are so owned shall be so disregarded.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 17: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 18: Interpleader. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction in the State of Texas requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Austin, Texas.

The Bank may advise with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Bank, no liability shall be incurred by the Bank for any action taken pursuant to this Section and the Bank shall be fully protected in acting in accordance with the opinion and

instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion or with respect to the instructions given.

SECTION 19: . Accounting – Annual Report. Promptly after September 30th of each year, commencing with the year 2010, so long as the Escrow Fund is maintained under this Agreement, the Bank shall forward by letter to the City, to the attention of the Treasurer, or other designated official of the City, a statement in detail of the Escrowed Securities and monies held, and the current income and maturities thereof, and the withdrawals of money from the Escrow Fund for the preceding 12 month period ending September 30th of each year.

SECTION 20: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF AUSTIN:

P. O. Box 1088
Austin, Texas 78767

700 Lavaca, Suite 1510
Austin, Texas 78701

Attention: City Treasurer

REGIONS BANK

1717 St. James Place, Suite 500
Houston, Texas 77056

Attention: Corporate Trust

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 21: Performance. Whenever under the terms of this Agreement the performance date of any provision hereof, including the payment dates for the Refunded Bonds shown in Exhibit A, shall be a Sunday or a legal

holiday or a day when the Bank is authorized by law to close, then the performance thereof need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 22: Warranty of Parties re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Bond as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Bonds shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Bonds as provided herein and the execution and delivery of this Agreement have been duly and effectively taken.

SECTION 23: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement. In the event any covenant or agreement contained in this Agreement is declared to be severable from the other provisions of this Agreement, written notice of such event shall immediately be given to each national rating service (Moody's Investors Service, Inc., Standard & Poor's Corporation, a division of The McGraw-Hill Companies, Inc., or Fitch Investors Service) which has rated the Refunded Bonds on the basis of this Agreement.

SECTION 24: Termination. This Agreement shall terminate when the Refunded Bonds have been paid in full in accordance with the provisions of this Agreement. If any Refunded Bond is not paid when due because of failure to satisfy a condition for payment such as surrender and presentation to the paying agent, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of such Refunded Bonds shall be held by the Bank for such purpose in accordance with Section 7 hereof. Any moneys or Escrowed Securities held in the Escrow Fund at termination and not needed for the payment of the Refunded Bonds shall be paid or transferred to the City.

SECTION 25: Successors/Assigns. (a) Should the Bank not be able to legally serve or perform the duties and obligations under this Agreement, or should the Bank be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Bank's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Bank, and upon being notified of such appointment, the Bank shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Bonds, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within ninety (90) days from the date the City discovers, or is notified of, the event or circumstance causing the Bank's inability or disqualification to serve hereunder, the Bank, or a bondholder of the Refunded Bonds, may apply to a court of competent jurisdiction to appoint a successor or assigns of the Bank and such court, upon determining the Bank is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsibilities for the Refunded Bonds.

(b) Furthermore, the Bank may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Bank under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Bonds due the Bank.

Any successor to the Bank shall be a bank, trust company or other financial institution that is duly qualified under applicable law to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Bank shall execute, acknowledge and deliver to the City and the Bank, or its successor or assigns, an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Bank, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Bank all such rights, powers and duties. The term "Bank" as used herein shall be the Bank and its legal assigns and successor hereunder.

SECTION 26: Limitation re: Bank's Duties, Responsibilities and Liabilities to Third Parties. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement on behalf of the City. The Bank is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duty of the Bank hereunder shall only be to the City and the holders of the Refunded Bonds. Neither the City nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 27: Escrow Agreement – Amendment/Modification. This Agreement shall be binding upon the City and the Bank and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Bonds, the City, the Bank and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Bonds or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Bonds outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Bank may, without the consent of either the holders of the Refunded Bonds, amend or modify the terms and provisions of this Agreement to cure any ambiguity, formal defect or omission in this Agreement. If the parties hereto agree

to any amendment or modification to this Agreement, prior written notice of such amendment or proposed modification, together with the legal documents amending or modifying this Agreement, shall be furnished to each national rating service (Moody's Investors Service, Inc., Standard & Poor's Corporation, a division of The McGraw-Hill Companies, Inc., or Fitch Investors Inc.) which has rated the Refunded Bonds on the basis of this Agreement, prior to such amendment or modification being executed.

SECTION 28: Bank Not a Depository. The Bank and the City each hereby acknowledge and certify that the Bank does not act as a depository of the City.

SECTION 29: Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 30: Governing Law. This Agreement shall be governed by the laws of the State of Texas.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CITY OF AUSTIN, TEXAS

Lee Leffingwell, Mayor

ATTEST:

Shirley A. Gentry, City Clerk

(City Seal)

REGIONS BANK, Houston, Texas, as
Escrow Agent

Title: _____

ATTEST:

Authorized Signer

(Bank Seal)

EXHIBIT G

NOTICE OF REDEMPTION
CITY OF AUSTIN, TEXAS
COMBINED UTILITY SYSTEM REVENUE
REFUNDING BONDS, SERIES 1993
DATED JANUARY 15, 1993

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on May 15, 2018 and aggregating in principal amount \$5,190,000 have been called for redemption on August 9, 2010 at the redemption price of par and accrued interest to the date of redemption.

ALL SUCH BONDS shall become due and payable on August 9, 2010, and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (successor paying agent/registrar to Ameritrust Texas, National Association) at its designated offices at the following addresses:

First Class/

Registered/Certified

Express Delivery/Courier

By Hand Only

The Bank of New York
Mellon Trust Company, N.A.
Institutional Trust Services
P. O. Box 2320
Dallas, Texas 75221-2320

The Bank of New York Mellon
Trust Company, N.A.
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

The Bank of New York Mellon
Trust Company, N.A.
Room 234-North Building
Institutional Trust
Securities Window
55 Water Street
New York, New York 10041

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Austin, Texas.

THE BANK OF NEW YORK
MELLON TRUST COMPANY, N.A.,
Address: 2001 Bryan Street, 11th Fl.
Dallas, Texas 75201

EXHIBIT H

NOTICE OF REDEMPTION
CITY OF AUSTIN, TEXAS
ELECTRIC UTILITY SYSTEM REVENUE
REFUNDING BONDS, SERIES 2001
DATED JANUARY 1, 2001

NOTICE IS HEREBY GIVEN that the bonds of the above series maturing on November 15, 2023 and November 15, 2030, and aggregating in principal amount \$69,200,000 have been called for redemption on November 15, 2010 at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>CUSIP Number</u>
2023	\$12,500,000	
2030	\$56,700,000	

ALL SUCH BONDS shall become due and payable on November 15, 2010 and interest thereon shall cease to accrue from and after said redemption date and payment of the redemption price of said bonds shall be paid to the registered owners of the bonds only upon presentation and surrender thereof to UMB Bank, N.A., St. Louis, Missouri (successor paying agent/registrars to State Street Bank and Trust of Missouri, N.A.), at the following address:

UMB Bank, N.A.
Attention: Corporate Trust and Escrow Services
2 South Broadway, Suite 600
St. Louis, MO 63102

THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of said bonds and pursuant to an ordinance by the City Council of the City of Austin, Texas.

UMB BANK, N.A.
Address: 2 South Broadway, Suite 600
St. Louis, MO 63102